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Social Transformation and State Governance in China

Theory, Path, and Policy Process

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English Preface

In the last thirty or more years, after China adopted the political line of reform and opening up, it has undergone unprecedented changes and has made remarkable economic achievements. Although great changes have taken place in the world in the last two decades of this period—such as the drastic changes in the Soviet Union and Eastern Europe, the end of the Cold War, the Color Revolutions in Commonwealth of Independent States and North African countries, and the so-called counter-terrorism wars launched by the USA, as a single superpower, for the purpose of promoting the democratization process in the Middle East—China, as a "non-democratic rule of law" country, as defined by the West, has maintained long-term political stability and sustained economic prosperity and has become an internationally influential great power in one leap. The rise of China has become the world's focus of attention. There are quite a few studies on China in this period, but most of them discuss China's political and social problems and systematic deficiencies at the institutional level. Ultimately, any economic and social issue is a political issue. It is undoubtedly very beneficial to start with political issues to discuss the changes in China. However, measuring political development and social change in China with a set of established standards of value and political system is one-sided, as theories related to these values and standards cannot adequately explain what has happened in China. The best way to understand why China has made such great achievements is to explore the stories that have taken place in the country and find the answers to the questions from within China's experience.

This book is the product of my continuous research on the process of political system reform in China in the past decade or so since the reform and opening up. In earlier research, I mainly used the knowledge system obtained from political science training in the USA to study the efforts and the effects of China's reform of the political system since the reform and opening up. Methodologically, I paid more attention to the application of the Middle-Range Theory in the policy process. The core issue surrounding my research was to explore and explain why China's political structural reform could continue in a gradual and orderly manner. Gradual reform in China has not been an easy one. The entire process is filled with various kinds of resistance from the system, social problems, and even political and

economic crises in certain phases. China's political reform is not perfect, at least for those who theoretically seek the perfect solution, but the line of reform has been upheld and critical issues have been resolved or controlled. Reform is also phased, with new problems emerging one after another, when the old problems have not yet been fully resolved. Many new problems are actually caused by the pre-reform and social restructuring. There is a need to reconsider the pace of reform, adopt adjusted programs, or introduce new programs and deployments. This has led me to conclude that China's gradual reform is a process of continuous policy choices, while recognizing the testability of the political system, and in particular, the ruling Party's ability to maintain its firm political leadership at an important juncture and on major issues. Since 2007, my research has focused on issues of transition crisis and state governance, in the attempt to explore China's experience from the perspective of the connection between these two concepts and to explain and answer why China did not collapse like the former Soviet Union and did not have the Color Revolutions that took place in many post-Cold War non-Western countries. This is undoubtedly a very challenging theoretical issue.

Studying the crisis of social transformation and state governance has opened up my horizons on the study of China's political issues and made me further aware of the limitations of the theory of economic transition and the theory of democratic transition that emerged from Western theoretical circles in the post-Cold War era in the case of China. Overall, these studies on transition appear to be more focused on the actions and processes that reach a defined goal, but are methodologically activist and follow a behaviorally rational analytical approach. The phenomenon of this so-called transition theory is actually an intermediate process moving from the existing state A to another designated future state B. Here, both A and B are given and cannot be changed. The question to be studied is how B was reached from A. In the Chinese concept, a more appropriate corresponding term should be "transitional." More precisely, this is simply a "transitional" theory of institutional goal orientation. Such a preconceived institutionalist theoretical framework is difficult to use as an explanation for China's experience. Although the doctrines of market ideology and democratic ideology are applied to explain the failure of the Soviet Union and the Eastern Europe, the same doctrine can hardly be used to explain East Asian success patterns, especially China's. Therefore, I extend my research perspective to the theoretical perspective of social structural transformation and I largely accept Karl Polanyi's concept of "great transformation," elucidated in his book *Great Transformation: The Political and Economic Origins of Our Times*. According to the theory of social transformation, I think that many problems in China are related to the structural transformation of society. Due to the contradictions and conflicts that have arisen in the rapidly changing society cannot be self-corrected by society, transformation crises have emerged. These crises have also been prevalent in the transformation of the Western industrialization and post-industrialization periods.

In addition, I use the concept of state governance for the interpretation and analysis of the Chinese experience. Since transitional crises cannot be corrected by society itself, state intervention becomes inevitable. State intervention, in most cases, is conducted through state governance. The concept of state governance that I use here includes three dimensions, namely the maintenance of the political order, the development of the national economy, and the provision of public services to the community. Of course, in my concept of state governance, the state does not refer only to the state as a political machine, but more to the socio-political community that incorporates the nation's historical heritage, culture, and value system and includes the state's power apparatus, similar to the idea of "nation-state" in the West. The purpose of state governance, which is aimed at supporting the long-term common interests and well-being of all citizens, refers not only to the control and administration of the community by the highest authorities of the country through the separation of powers among the executive, legislative and judicial branches, and between the central and local government, but also contains the effective political interaction with society and responds to expectations and appeals of partial and overall material and spiritual aspirations in society. In particular, it needs to be clarified that the tasks and challenges facing state governance are enormous in times of rapid social change and transformation. Comparing the experience of other countries in similar transition phases, to ensure the political stability during the enormous challenges of social transformation requires maintaining an organic balance between ensuring an essentially stable structure of state governance and an incompatible reform of the national governance system. Otherwise, it will be hard to avoid the collapse of the system in a crisis of state governance and the nation. Therefore, I think that state governance is a structural dynamic equilibrium debugging process. At the same time, I insist that the goal of state governance is in line with the responsibilities and functions of the modern state. These basic responsibilities and functions are indispensable no matter what the form of government exists.

The argumentation and perfection of the theory of state governance is an important topic that I am continuing to research. Some of the theoretical ideas in it have been embodied in several chapters in this book; a more complete theoretical application is mainly reflected in the first chapter of this book. The theoretical framework of the transition crisis and state governance proposed in this first chapter has been used in my empirical analysis of the Chinese experience in the past 30 years.

The main parts of this book are based on the translation of my 2009 book written in Chinese, *The Rationality of Seeking Progressive Political Reform*. This present translation has included three later research results. They comprise Chap. 1 of this book ("Transformation Crises and Adaptive Governance in China: A Historical Comparative Perspective"), Chap. 11 ("Structural Restraints and Institutional Innovation in Local Governance"), and the political system reform after the 18th National Congress of the CPC. In addition, the original preamble has been adjusted to reflect the added contents and changes in this book.

The author would like to thank Mr. Wu Hao for strongly recommending the publication of an English translation of this book. Without his efforts, an English version would have been impossible. I also want to thank the translator Ms. Alice Xia for her outstanding work in translating this book into English.

Yanyuan Park, Beijing, China Xianglin Xu
September 2016

Original Preamble (Revised)

This book is the author's accumulated research results on the social transformation and political system reform in China. The core topic of this book is how to understand and explain the policy process of transition and state governance.

Since the 1980s, the democratization of political life and the rule of law in state governance have been the main lines of political development in China. The overall goal of China's political system reform is the democratization of the state's political decision-making system and the rule of law in the government administration system. The policy process of political reform is basically dominated by the national leadership. The process of democratization from top to bottom depends not only on the preferences of the leaders but also on the leaders' confidence in the outcome of democratization. The specific tasks of political restructuring have been identified from the very beginning through five basic aspects, which are: (1) to strengthen and improve the leadership of the Party and to rationalize the relationship between the Party and the government; (2) to establish and perfect socialist democracy and the legal system and to consolidate and develop the system of the National People's Congress; (3) to establish a legalized and standardized procedural government management system (including a cadre personnel management system); (4) streamlining institutions to overcome bureaucracy and improve the quality of government administration; and (5) to adjust the relations between the central and local governments and mobilize the enthusiasm of local and grassroots units. In the early days of the reform, whether it was resolute leadership in the reform or a group of scholars with a sacred mission, everyone placed high hopes on the reform of China's political system. Most people think that through certain democratic and legal constructions, shortcomings of the existing system will be solved, and the problems of the over-concentration of power in the traditional decision-making system and bureaucracy in the government administration system will be overcome, ultimately to create a socialist-democratic political system in which the people can enjoy civil rights and manage the country through extensive forms of political participation.

However, the advancement of reform is not as optimistic as that. The ideological liberation movement and political liberalization in the 1980s broadened the space for autonomous political expression. It also stimulated new ways of thinking about the historical issues and social and political status quo and brought about challenges to the orthodox ideology and situations of political turmoil. The adjustment of Party–government relations and the reform of government agencies have yielded some results, but they also encountered considerable resistance in China's enormous bureaucratic system. The constraints imposed on the market-oriented economic reform have stimulated people's urgent demands on the reform of the political system. The failure of the price reform in 1988 and the corruption caused by the double-track operation of the economic system have further aroused the public's dissatisfaction and finally triggered the "storm" in the spring of 1989.

After the major political crisis subsided, the political reforms of the 1990s in China entered a period of caution. The "collapse of the system" caused by the Soviet Union and the Eastern European political and economic reforms and the "catastrophic political, social and economic consequences" of Russia after the "collapse of the Soviet Union" sounded the alarm for the leaders of the Chinese Communist Party. However, China's political reform did not make a major reversal in its direction, but rather sustained its more controlled premise of prudent implementation. Political stability and the long-term peace, and stability of the country have become priorities in policy and strategic choices in political reform. Democratic reforms of self-governance continue to be implemented at the grassroots level by villagers in rural areas. The legislative and supervisory functions of the National People's Congress (NPC) are gradually expanding. There has also been progressed in terms of the openness and institutionalization of the Party cadre system. In terms of the government system, the implementation of the civil service structure, the five-year reform of government agencies and the implementation of the system of administration according to the rule of law have all made remarkable improvements in changing the function, legalization, and institutionalization of the government administration system. Corruption by Party and government officials is also punished at the legal and institutional levels. However, prudent reforms are still constrained by structural obstacles in the system. Each reform involves a number of deeper institutional problems. There has also been pressure for sensible reforms from both inside and outside the political system. The reform of the political system must adapt itself to the structural changes of China's politics, economy, and society, with an even greater pace and more effective policy measures.

After the 16th National Congress of the Communist Party of China (CPC), the new generation of leaders seemed to face more challenges. Market-oriented reforms and the corresponding reform of the government system have enabled China to maintain its high economic growth for more than 20 years. However, sustained economic prosperity has also brought about a series of serious problems and has threatened China's economic, social, and even political stability. China's accession to the World Trade Organization (WTO) has put more pressure on China's economic system and government management system under the international

economic system. China, as the "world's factory," is experiencing an enormous dilemma of ecological, resource, and environmental protection. As urban–rural differences and regional economic differences expand, the Three Rural Issues and the plight of rural governance, the lag in the social security system, and the social redistribution policies, all plague the central and local governments at every level. In particular, the existence of mass poverty and inequality, and the corruption of officials have become major hidden dangers that threaten social and political stability. In the face of these challenges, the new generation of leaders has proposed a new concept of reform and governance that is a harmonious people-oriented society and is responding to many socio-economic issues by incrementally establishing an effective social policy system through major policy restructuring. Political system reform remains a major political issue. The construction of a harmonious society requires state policies to reflect more on social fairness and justice; citizens have a more convenient channel of political participation to express their will and are protected by a more complete legal system. The government system should have more accountability toward society and be more effective in administrative management. Government departments and government officials need more integrity and administration by law. As the only legal ruling Party, the CPC plays an irreplaceable and important role in the reform of the political system based on political stability in China. An important part of political reform is how to ensure the advanced nature and self-discipline of the Party. In the face of these numerous problems and challenges, the reform of the political system in the new century has been prudently fostered in many more specific fields. These reform attempts include the following aspects: the pilot reform of inner-Party democracy and the permanent appointment of Party committees; the top-down implementation of the responsibility system of government officials; the pilot reform of the transparency and democratization of the system of selecting and appointing Party and government leaders; the deepening reform of the Standing Committee of the National People's Congress; the reform of the judicial system; the improvement of the grassroots democratic election system in rural areas; the pilot reform of urban community-building, and so on.

The thirty-year reform in China's political system has generally proceeded in the direction of democratization and legalization. The so-called democratization and legalization refer to a process in which the objective is to achieve democracy and the rule of law. Democracy and the rule of law have become universal values and have become common political preferences both within and outside the system. Opposition or resistance to democracy and the rule of law not only shame the rulers and regime but also undermine their legitimacy. However, there are still many debates on how to understand and interpret democracy and the rule of law. The debates focus on how to understand the value and essence of democracy, what forms and rules of the system can better reflect the asserted democratization, how to recognize the defects of democracy, and the relationship between democracy and the rule of law, etc. Democratization and the rule of law involve more complicated theoretical and practical issues. As a process, democratization and the rule of law not only involve the determination of the value and substance of democracy and the

rule of law (such as what kind of democracy and the rule of law China requires) but also involve the various political, economic, and social realities facing the transformation of the political system. The transition to democracy and the rule of law will inevitably touch upon the steps, tactics, timing, trade-offs, feasibility options, risk prediction, path dependencies, and institutional space of political reform policies. Therefore, more divergence in recognition and policy debates has also emerged in this respect. In sum, most of these disputes are related to deviations in the scholastic understanding and interpretation of democracy and the rule of law. At the same time, it is also related to the definition and recognition of specific policy issues encountered in democratization and the rule of law political reform.

Is it necessary to reform China's political system to achieve a certain pervasive value or to solve practical problems? Or, to be more precise, to what extent does reform account for the relationship between the two, and is it biased toward universal values or is it focused on on-the-ground issues? This is both a political issue and an academic issue. If China excludes value judgment components from academic topics, China can define the scope and content of the discussions through methodological definitions. Most of the controversy regarding democratization and legalization can be summarized as a question of methodology: how to properly handle the relationship between normative and empirical research. There seems to be no doubt that this issue is purely methodological. In the methodology of political science, the normative theoretical analysis begins with the assumption of different social values and probes into the inherent consistency of various moral arguments in political relations. Normative theory focuses on those basic moral values that have an impact on political life. Through abstract moral reasoning, political ideology is expressed, and moral constraints on the political system and its operating system can be explored. In short, the normative theory explores "the exploration and application of moral propositions in the context of political relations."[1] Empirical analysis emphasizes the necessity of distinguishing facts from values. The emphasis is placed on understanding political phenomena through experience and observation. Only through the systematic experiential observation can China arrive at general laws for explaining political behavior and thus, recognize its universality.[2] However, in reality, for China's scholarly community, political system reform has its realities and possible consequences that not only reach the academics' own values but also directly affect the physical environment in their lives. Therefore, it seems that the Chinese scholarly community, immersed in maintaining a deep humanistic care for China's political reform, will find it difficult to distinguish the two fields of study from a purely academic standpoint. This may be seen as a kind of "objective dilemma of the parties."

However, from an academic normative perspective, the questions to be answered in the two fields of study are different, and the theoretical methods to be applied are also different. It is still necessary to properly distinguish the boundaries of normative theoretical research and empirical theoretical research. If China proceeds

[1]Isaiah (1984).

[2]Marsh and Stoker (1998).

from the normative theoretical analysis to discuss the strategic issues of China's political reform, it is likely that our discussions will remain at the "should" hypothetical level of normative values such as democracy, the rule of law, and legitimacy and will not go deeper into strategic choice. If the two areas of study are confused, it is also likely that our empirical research on political reform will fall into a kind of controversial view of values or that the empirical research will be led by its own values and deviate from objectivity. To alleviate this kind of "objective dilemma of the parties," China should try our best to consider Max Weber's concept of value neutrality and promote academic professionalism.

This book mainly deals with the study of certain rules and logic that are followed in the actual operation of political reform in China and explains the characteristics and mode of operation of progressive political reform in China, as well as the causes and conditions of these characteristics and methods. In order to objectively explore the issues described above and to do some theoretical work on experience, I take care to avoid the speculation of normative ethical goals in my research. I have chosen to analyze the policy process, to explore issues such as the path and process of theory and policy on the basis of experience and facts. Therefore, empirical analysis is more suitable for the purpose of my research.

This book is divided into five parts. Part I attempts to analyze the development path of China's political and economic system reform over the past 30 years, from the two dimensions of social transformation and state governance. In Chap. 1, through the comparative analysis of the history of social transformation between China and the West, I show that the crises encountered by China since the reform and opening up fall under the "crisis of transition," that is, new conflicts of interest and lag in the ability to govern during the socio-economic transition. That is, the crisis of governance is roughly similar to the crisis of transition that has taken place in the history of Western societies. This crisis of restructuring has brought about a multi-pronged impact on the government's ability to govern, which has led to the reform of the system. The reform and transformation of China's state governance system is a gradual and structural adaptation process in a broader socio-economic transformation.

Part II discusses the theoretical issues behind studying social transformation and political system reform in China. After recognizing some problems in the grand framework and value orientation of the theories of political development and political change, I believe that if China can apply the Middle-Range Theory to examining the formulation and implementation of the reform policies from a theoretical perspective of the policy process, then it becomes possible to reach an appropriate research approach. For this reason, in Chap. 2, I critically combed through the theory of Western political development and related alternative theories, pointing out that this popular grand theory has over-emphasized the universality of Western values, while ignoring the cultural particularities in explaining non-Western social and political changes. This is a theoretical deficiency. On this basis, I put forward the basic framework of a policy process theory that empirically analyzes China's political reform. In Chap. 3, I provide a theoretical summary of the course of gradual political reform in China during the past two decades, in the

attempt to illustrate the purpose and strategy of gradual political reform and the necessary conditions and institutional space for gradual reform. Chapter 4 mainly analyzes the status and function of socio-economic factors, factors related to the government bureaucratic system, and leadership preferences in setting political reform policy objectives. I aim to explain the order of interactions among the three major variables and their influence on the policy choice of gradual political reform, in order to gain a deeper understanding of the logic underlying the political reform policy process. Since the beginning of the reform and opening up more than 30 years ago, the tremendous achievements made in China's economic and social development have attracted attention worldwide. However, China's political reform has been questioned as well. The theory of Western modernization and political development seem incapable of explaining the fact that China, a rapidly changing large society, has not only achieved economic ascension but also ensured the basic stability of its political system. Chapter 5 tries to explain the possible reform policy choices of the new leadership that has been faced with social transformation since the 18th National Congress of the CPC, from the theoretical perspective of state governance. In my opinion, it would be unreliable to have expectations for major changes in all aspects of China's political system. It remains an important strategy for China to use gradual and sustained reform of the political system to enhance its ability to govern and guide its way through major challenges in its social and economic transition. On the basis of maintaining the basic stability of the state governance system, adaptive democratic reform and responsible government system reform are the main contents of the continued deepening of China's political system reform.

Part III discusses the political reform path and policy process. In Chap. 6, I discuss the path dependency and policy implementation process of the "Four Modernizations" policy of Party cadres in the 1980s and attempt to illustrate the causal relation between the actual results of transforming the specific political structures of China's large-scale Party and government elites, and the institutional mechanisms during this period. I also try to analyze the formation of the first generation of Chinese technocrats and the nature of their reliance on the existing system. Chapter 7 can be considered a continuation of the previous chapter, a further analysis and exploration of the relationship between the motivation mechanism and the incentive mechanism of the "system-wide reform of Party cadre management" in the 1990s. After a general analysis of the purpose and nature of the organization of the Party cadre appointment system, I discuss its shortcomings seen in recent years and the reasons why system reform is relatively autonomous in localities. The following conclusion can be drawn: The diversification of top-down incentive mechanisms among Party cadres and space for institutional innovation is meant to encourage the selective motivation of local Party organizations. The reforms of this period have been different from the top-down mobilization model of the 1980s, but rather reflect the interaction of top-down institutional incentives and local selective institutional innovation. Chapter 8 discusses the rural governance in the 1990s and issues concerning agriculture, the countryside, and rural citizens. Addressing the questions of why village self-governance and village

elections have not played a role in resolving the issues of "agriculture, rural areas, and rural citizens," this chapter analyzes shortcomings in villagers' self-governance under the intervention of powerful politics and administration, as well as the impact of the backwardness of the industrial structure of agriculture, the national policy structure on rural areas; and the high cost of county and township management systems on agriculture, rural areas, and rural citizens. The fundamental solution for resolving the problem of the Three Rural Issues is to rebuild rural society by integrating local authoritative sources and local interest communities and reform the administrative system of counties and townships. Chapter 9 discusses and analyzes the role of Chinese non-governmental organizations and associations in state governance from the rational realist perspective. In this chapter, I question the high expectations that idealists have of the non-governmental organizations. Against the backdrop of the existing political system, I believe that the behavior and space for the development of Chinese social groups cannot be completely displayed in the same way and contents envisioned by idealists. The realistic development prospects of non-governmental organizations depend more on the process and extent of the ruling Party's shifts in its governance philosophy and ruling style, as well as the realistic positioning based on the situation and the moderate control of political participation in the overall development and growth process of social groups.

Part IV explores the path and policy process of government system reform. There is no doubt that a large government's systematic shift from an all-powerful, regulatory system to ones that have modern rule of law, responsibility, and a public service-oriented system, will inevitably result in the dependency of a specific path. Given this, is it possible for the Chinese government to promote institutional reform by overcoming the constraints of a vertical professional management system and obstacles of the interests of departments in bureaucratic politics? Chapter 10 examines and discusses the institutional constraints encountered by China's administrative system reform, looking at the examination and approval system reform as an example. It also illustrates that many problems and difficulties encountered in the specific reform policies have a necessary relationship with the continuation of some concepts of management, function setting, administrative methods, and implementation methods of China's traditional administrative system. Therefore, reform of the government administration system must include the deeper question of how to change the current administrative system from the traditional quasi-mobilization model to a model of democratic rule of law. Chapter 11 is completed in cooperation with Dr. Lin Xuefei, and studies how local government may break the constraints of bureaucratic politics and make institution-level innovations. Through the investigation and analysis of case studies about the reform of administrative examination and approval systems of three local governments, China find that under the vertical supervision of the professionalization and functionalization of the various functional departments of the central government, government officials in local governments are still likely to pursue institutional innovation at the local governance level, albeit to a limited extent. The institutional reforms of local governments must break through the tiao-kuai (literally "branch and lump") contradictions in the reform by actively acquiring more political

resources. More importantly, compared to the social forces outside the system, local officials are more willing to strive for institutional political resources in the tiao-kuai structure in order to reform, and thereby avoiding or reducing political risks brought about by uncertainties outside the system. Chapter 12 discusses the reform of state-owned enterprises at the level of the relationship between the government and enterprises. This chapter argues that under the precondition that state-owned enterprises (SOEs) cannot be fully privatized, the core issue of SOE reform is how to adjust and rebuild the relationship between government and enterprises. Through retrospective analysis of the reform of SOEs over the last 20 years, I argue that changes in the government-enterprise relationship as part of the reform of the SOE system is a complicated and gradual process. The aim of the SOE reform is to improve the benefits of the enterprises and to increase national financial incomes or release financial burdens. Meanwhile, the state still demands SOEs to undertake as many political and social functions as possible, better serving the country's political, economic, and social development objectives. Therefore, evaluating the changes in Chinese SOEs and the relations between government and enterprises simply from the perspective of pursuing economic benefits is very one-sided. This perspective is also very one-sided in terms of deriving or expecting prospects from SOEs. Chapter 13 analyzes and discusses system-wide innovation abilities of local governments on the basis of examining the new mode of collective support in "wubao" (five-guarantee) households in Guangxi in 2004. The analysis shows that the capacity of local governments to innovate on a system-wide scale is a constant process of policy-making. Under the dual pressures of the central government's macroeconomic policy and the shortage of local finance, local governments need to mobilize local resources in accordance with local conditions and constantly develop the capability of system innovation to establish a new viable system in the actual work of implementing the policy objectives of the central government.

The fifth part discusses the localization of policy science research in China's policy analysis. In Chap. 14, I propose that the lag in the development of China's policy science research is related to predicaments in the development of its theoretical methods, which comes mainly from two theoretical sources. One is that it is bound by the traditional theories and methods of social science. It cannot fundamentally disrupt the limitations of the traditional paradigm and therefore falls into the trap of unrealistically empty-handed theoretical statements. The other is that when it comes to absorbing and introducing Western theories and methods, the simple transplantation of Western theories and methods has been satisfactory, but the in-depth study of the local social and political structure and its cultural characteristics has been ignored, thus causing misunderstanding in the universal application of Western theories and methodologies. Therefore, in my opinion, China should pay attention to local development directions based on specific points of reference in a particular area. From there, I use the three dimensions of indigenous autonomy, indigenous studies, and localized studies to explore some of the theories and methods of China's own pursuit of perfection in public policy science and remove the dilemma of developing a research subject.

The contents of this book have been formed over a span of ten years. In order to meet publication requirements, it was necessary to rewrite and revise certain chapters and paragraphs. Although this book essentially forms an intellectual system of theory, methodology, and empirical research, I have reflected on concerns and interests in different research questions in different periods to varying degrees, given the long time span of this project. In this decade of research, I have always upheld the attitude that such a study is of humanistic concern for China's reform practices and, at the same time, explains the realistic experience of China's political system in a scientific manner. The study of political system reform cannot bypass basic judgments on certain values, such as the values of legitimacy, as embodied in modern society by democracy and the rule of law. However, the reform of China's political system is a process of democratization and the rule of law. When studying specific policy issues, China should pay attention to the characteristics and methodological norms of empirical research and strive to reflect upon the spirit of professional standards in our studies. Fortunately, it now appears that the research contained in this book essentially meets this requirement.

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Part I
Social Transformation and State Governance

Chapter 1
Transformation Crises and Adaptive Governance in China: A Historical Comparative Perspective

1.1 Issues and Theoretical Perspectives

China's 30 years of reform and opening up have undergone significant social and economic transformations, and state governance has faced with a series of transformation crises. Scholars both at home and abroad have been divided over the nature of the transformation crises facing the nation as well as the potential consequences of such crises. The primary controversy lies in whether or not China's current political system is trapped in a governance crisis. In particular, after the disintegration of the Soviet Union, some scholars believed that it would be difficult for China to escape a Soviet-like "institutional collapse", due to the similar political system and structural characteristics. Benefiting from China's successful entry into the WTO at the end of the twentieth century, China has gained rapid and ongoing economic growth. Some hold that China can hardly tackle with the governance challenges posed to its political system, which are caused by marketization and globalization. China's "partial reform" has been caught in a state of "trapped transformation". Concerning the "China collapse" theory,[1] scholars have put forward some distinctive views. For instance, some maintain that although China faces tremendous challenges in its regime legitimacy, its national system and structure are still endowed to some extent with the adaptability that is necessary for reconstructing the national governance framework, so that the country can address the increasingly complex and challenging governance problems.[2]

From the analysis of the "China collapse" theory, we can find the shadow of institutional determinism from the neo-institutional school. Traditional institutionalists tend to emphasize the decisive factors of institutions but overlook their intrinsic nature or dependence on the existing political, economic and social conditions. They simply divide institutions by their theoretical efficiency and efficacy, and furthermore, they

[1] See Waldron (1995), Finkelstein and Kivlehan (2003), Chang (2001), Pei (2006).

[2] See Yang (2004), Laliberte and Lanteigne (2004), Peerenboom (2007), Ma (2009a).

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X. Xu, *Social Transformation and State Governance in China*, China Academic Library, https://doi.org/10.1007/978-981-15-4021-9_1

maintain that good institutions can be devised and implemented through rational discussions.[3] This theory has had extensive influence in Chinese academia. Most of its supporters, however, put excessive emphasis on the importance of institutional choice and design while ignoring the importance of the choice of reform policies and strategies. In particular, this theory has confused the differences between transformation crises and state governance crises, which are related to the paradigm of the mainstream school of transformation comparative studies. Even those who disagree with the "Collapse Theory" have not understood this fully.

For a long time, the mainstream school of comparative politics studies has primarily focused on the popularization of the democratic systems and the democratic transition. Democratic political systems, as a preinstalled value preference and an unquestioned historical trend, have become a basic paradigm in comparative political studies, thus establishing the dominating basic analysis model of "teleology" and "typology" in American politics.[4] Based on this model, political development is viewed as a parallel transition from a traditional, autocratic and authoritarian political system to a democratic one. Emphasis is put on a dynamic analysis of democratization and political conditions for the consolidation of democratic systems. Following the third wave of democratization, scholars in the field of transformational comparative politics began to acknowledge that the issue of democratic development and consolidation cannot be separated from state governance and economic development. The analytical focus has also turned from unitary political democratization to a comparative study of the structural and governance performance of new-born democratic systems. For instance, Adam Przeworski's comparative study of East Europe and Latin America combined political democratization and economic marketization, with special emphasis on the interdependence of political and economic transformations. Stephen Haggard and Robert Kaufman also applied this new analytical perspective of political economics in the comparative study of democratic transformation.[5] While these studies have enriched the theoretical observations of democratic transformations, they have not fully departed from the basic teleology and typology analytical framework, which neglects to some degree the different features of democratization or market-oriented transformations, which are due to

[3]Though the neo-institutional school has various branches, its main ideas can be summarized in two aspects. Firstly, the institution is of critical importance in transition, exerting influence on discipline, belief, behavior, and even the result; secondly, the institution is intrinsic, whose form and function is dependent on various conditions. As for the criticism of neo-institutionalism in the application of comparative politics, please refer to Przeworski (2004), Evans (2004).

[4]The prevalent study approach of comparative politics in America was in the 1960s–1970s, which views political development as the linear transition from traditional political system to modern democratic politics; democratic politics, as the purpose, is an important indicator to gauge the modernity of politics. Meanwhile, it categorizes most of the countries in the world into different natures of political institutions and characteristics, and evaluates the degree of the development of democratic politics in various countries through setting up modern and democratic indicators (mainly taking Anglo-American democracy as the model). This thesis regards this empirical research approach as the "teleology" + "typology" analysis model.

[5]Przeworski (2005), Kaufman (2008).

profound longitudinal social and historical differences between nations. In particular, the pre-established prerequisite of viewing institutional transformation merely as a substitutional transition between two opposing systems not only overlooks the common ground in governance among nations with different institutions, but also to some extent denies the historical fact that state governance can achieve virtual transformations through institutional reform and adaptation.[6]

Given this, has China lapsed into the "transformation trap" after the 30 years of reform and development during the social-economic transformation process, or is it still going through the fine-tuning and reconstruction of state governance? The answer lies in the actual state governance capacity, rather than in classical democratic theory and market economy theory. Every kind of problem that the transition nations encounter cannot be separated from state governance. Hence, it is necessary to incorporate the concept of state governance into our analytical framework and identify the challenges that social and economic transformation poses to state governance, as well as the adaptation and self-adjustment capabilities of the state governance system, as important variables that deserve to be reviewed. Meanwhile, to judge whether state governance is adaptable, it is necessary to theoretically distinguish two types of crises: transformation and state governance.

To begin with, it is necessary to define the basic nature of state governance. In modern political analysis, state governance usually refers to the process in which the highest state authority implements control and regulation over the society through executive, legislative and judicial organs, as well as the division of power between the central state and local levels. The foremost and fundamental purpose of state governance is to maintain political order[7] and guarantee the ongoing authoritative allocation of social values by the government.[8] Using this basic definition, the performance of state governance has been related to the legitimacy, organization, effectiveness and stability of the state and the government. It is based on this idea that Samuel Huntington recognized the validity of peaceful and stable governance as the critical political distinction among nations, rather than the form of government, and identified the necessary conditions of effective state governance as "the possession of a powerful, adaptive and cohesive political system".[9] With this consideration, Francis Fukuyama ascribed the root of many serious problems in the world to the weakness, incapacity and failure of state governance, and then explored governance difficulties in the twenty-first century from several dimensions, such as, public executive capacity, and the extent and strength of state function.[10]

Secondly, to further this analysis, it is necessary to differentiate transformation crises from governance crises. Transformation crises mainly occur in the economic and social sphere, with two basic features: (1) enormous economic and social contradictions and conflicts due to significant structural changes between certain social and

[6]For example, the institutional transition of historical European countries, C.f. Wang (2003a).

[7]Huntington (1968).

[8]Easton (1979).

[9]Ibid.

[10]Fukuyama (2007).

economic relationships; (2) as these contradictions and conflicts cannot be remedied in the economic and social fields by themselves, intervention from the state becomes necessary. Based on these two features, the transformation crises typically go through two stages. In the first stage, the upheaval of the original economic and social relationships will seriously impact people's traditional perceptions and behaviors, break the relative balance of the original economic-social relationships, thus incurring considerable conflicts and contradictions in people's economic and social interactions. When these conflicts and contradictions cannot be settled among economic organizations, social groups and individuals, the second stage occurs. That is when state intervention will become the necessary means of handling these problems and controlling the crises. By contrast, state governance crises refer to when the government (country) is incapable of controlling and managing social conflicts and contradictions effectively in a particular period, which will then weaken the government's governability. State governance crises also have two basic features: (1) they are not the state of political emergency and instability brought about by some major event, but are rather the institutional dilemmas that face state governance, namely the multiple and widespread decline and weakening of state governance capability; (2) the state governance system has serious defects that cannot be overcome, and a rigid system that cannot be adjusted effectively on its own. Based on these two characteristics, state governance crises also unfold through two stages. In the first stage, when conflicts and contradictions arising from economic-social transformation begin to go beyond the capability of the state governance system, some functions of the state governance system will fail; coupled with increasing social pressure from the outside of the system, the original governance functions could undergo institutional decline, engender proactive or passive reform in the governance system. In the second stage, if the state governance system fails to effectively adjust itself and fulfill transformations that are adaptable to the governance functions under the context of increasing social pressure, or if its functions are weakened substantially during the social reform and significant political revolution processes, then severe systematic crises will be manifested in the decision-making authority and executive ability.

It is necessary to distinguish between the nature of transformation crises and state governance crises, as they can provide theoretical explanations for the fact that transformation crises have spurred the collapse of political and governance systems in some countries but not in others. At a deeper theoretical level, the distinctive results of the political and economic system reforms in different transition countries ever since the third democratic wave lie in, to a large extent, differences in various governance systems' ability to deal with transformation crises and their various self-remedying and fine-tuning capabilities when confronted by governance crises, rather than whether or not transformation crises actually occurred. It is worth noting that, during the drastic economic and social transformation stages, the state governability often lags behind. If the transformation crises are not promptly settled or effectively controlled and are slowly becoming riskier, they may turn into state governance crises and even result in the collapse of the whole political system. The disintegration of the former Soviet Union in 1991 is a good example of this logic. On the contrary, if

state governability can maintain regular operations and self-adjust during the transformation crises, and effectively dissolve social political conflicts or control the level of deterioration, the state governance system will be refined and improved through such self-remedying efforts.

What does China's 30 years of transformation look like? How can we locate China's 30 years of practice using the templates of the two types of transition crises? In other words, is China more likely to control or temper transformation crises through the adjustment of the existing governance system, in order to realize a successful transformation toward marketization and democratization suitable to China's context, or will it degenerate to state governance crises (or the transformation trap) and eventually tend towards institutional collapse?

To answer these questions, we will need to understand the substantial content and progress of China's transformation and develop a necessary understanding and empirical analysis over the nature of China's transformation, the intensity of the crises, and the adjustment and adaptability in the state governance system. To better understand the nature of China's transformations, it is also beneficial to review in a comparative manner the historical experiences of the economic-social transformations in major Western countries.

In general, Western developed countries have gone through two major historical transformations in the past century, which can be categorized into two basic processes, namely, economic marketization process and political democratization process. The modernization process of later developing countries is also influenced by these two processes. Similar to the modernization process in other developing countries, China's reform and opening up process over the past 30 years was also carried through in the two domains of marketization and democratization. The governance crises arising from the transformations in the two domains are in essence identical to those in other countries, but the path and manner of the state governance transformations can be viewed as an adaptive and incremental reform of governance.

This chapter attempts to explain, with a historical comparison and a more extensive context of economic-social structural transformations, the development path of China's political and economic reform over the past 30 years, and the nature of the governance crises confronting it. Although democratization and marketization are still considered to be two important variables in the transformations, the starting point of this analysis is to view the two aspects as an inevitable phenomenon rather than the values and goals of structural transformation under any specific historical background. In reality, marketization and democratization are reciprocal causes of economic-social transformations, which have incurred series of crises and difficulties in economic and social management, and hence promote the reform and transformation of the state governance system. This chapter will elaborate on these four basic arguments: firstly, governance crisis is a normal event in a transition period, and it accompanies each country's economic and social development process. The basic reason lies in the shock brought by the economic-social structural changes to the political system and governability; secondly, though the reasons and contents of governance crises among countries are basically the same in the same development stage (e.g., the industrialization stage or post-industrialization stage), adjustment

of the governance strategy may vary due to the differences in the formation and evolution of national history, culture and political institutions. Hence, there is no unchangeable model for other countries to duplicate; thirdly, there are remarkable differences in state governance of China's three decades before and after the reform and opening up, reflected by the choice of development strategies. The governance model of the 30 years after the reform is characterized by a transition from "totalism" of the 30 years before the reform to the current "democracy and the rule of law", which has been accompanied by China's market-oriented development and social structural transformations, with governance crises as the direct impetus; fourthly, according to the 30 years' experience of governance transformations and development trend, the transformation crises in China will not necessarily bring about the "institutional collapse", an idea held by some parts of Western academia. On the contrary, it will more likely to help reconstruct a relatively stable new institutional system of state governance through the progressive process of crises, reform and adaptation.

1.2 Historical Examples of Social Transformations and Governance Crises in Developed Countries

Throughout modern times, major countries in the world have in general gone through two large-scale historical transformations and governance crises, namely the industrialization and post-industrialization transformations, both of which have caused similar governance crises among leading countries.

There is considerable literature on the description and analysis of the Industrial Revolution and the serious social conflicts that took place during the industrial capitalism period. In the description of the development of capitalism, we will see substantial social contradictions and conflicts, aside from the affluent wealth created by capitalism. From the Enclosure Movement of "sheep devouring men" in the early stage of capitalism, to *The Condition of the Working Class in England* in 1845 by Engels, from the destruction of machines by workers to the labor movements and the socialist movement in the twentieth century, as well as the two World Wars and the Great Depression—all these occurrences have revealed the various social conflicts and contradictions that major capitalist countries had undergone during the industrialization transformation period. *The Great Transformation* authored by Karl Polanyi in 1944 has conducted an in-depth analysis on the social contradictions that Western countries encountered during their industrialization transformation period. This book described the great transformation of European civilization from the pre-industrial society to the industrialization age and the concurrent transformations in mindset, ideology, social and economic policies in this process. As an opponent of market self-regulation and laissez-faire capitalism, Polanyi revealed the dehumanization of market economy. He believed that the self-regulation of market economy was quite incompatible to the social structure, which was founded through national conduct in

England in the eighteenth century by Utopians. The introduction of natural state into the society should have built up idyllic restrictions and mutual obligations to protect individuals, but actually it brought about inequality, war, oppression and chaos, thereby jeopardizing social justice and peace.[11] His theoretical viewpoints seem way too sharp for those opponents, but many of the theories he proposed are widely cited and discussed, such as the "embeddedness" and "disembedding" concepts and the "Double Movement" theory to delineate the self-protection effect applied by the society to the market economy.

Polanyi's description and analysis of the social conflicts during the industrialization transformation period and the birth of his theoretical views are closely related to the time when he lived. As an economist, he was not only long engaged in the study of Western economic history, but has witnessed "the tremendous hardship inseparable from the transformational times", such as "social and economic chaos, stagnant and disastrous ups and downs, inflation, massive unemployment, changes in social status and the sudden collapse of historical countries".[12] What Polanyi indicated here was not the governance crisis of a certain individual country, but the crises in the Western industrial society and governance structure formed from the entire Industrial Revolution in Europe to the end of the First World War. The inborn defects of the social and governance structure do not lie in industrialization, but in the self-regulated nationwide market economy and the wild intervention by the government for non-economic purposes, including international balance of power, the gold standard system, free countries and self-regulated market economy. By 1944, however, these aspects were basically lost. For this reason, Polanyi foreboded at the opening chapter of his book, "the civilization of the nineteenth century has fallen apart".[13] Although in his opinion, the end of the Second World War marked the end of the worst experience in the transformation, people of the time have paid a high price for such transformations. Whatever attitudes people may hold towards Polanyi's theoretical views, the social conflicts and governance crises in the time of European industrialization transformations that he analyzed are facts.

America has also suffered from such great transformation when the drastic industrialization swept over during the Progressive Era. Historian Steven J. Diner has depicted in meticulous details the various social contradictions and political changes of this period in his works. In the prologue of his book, he briefly described the social conflicts and contradictions, saying that "we live in such a world which, on the one hand, is destroying the traditional opportunities, but on the other, is displaying a thrilling new outlook". However, what accompanied such a prospect is "the outburst of class conflicts in the rural and urban areas", the violent clashes between employers and employees due to strike actions, the bankruptcy of farmers owing to an unexpected market, the increase in the number of land-lost farmers, peasants and land renters, "the accelerated decline of small business owners, independent farmers and handicraft workers", "the rapid development of large-scale corporations and

[11] Polanyi (2007).

[12] Ibid.

[13] Ibid.

the competition for capital and labor", the widening gap between the rich and the poor in American families, and the middle class's awareness that "they lost their control not only over the society but over their own lives" and the eager anticipation of government intervention. On the political side, "the corrupted political leaders manipulated the municipal and most of the state governments. They managed to cater to the migrants and working class electorate with petty favors. Meanwhile, they depended upon bribes from electric bus companies, railways, public enterprises and contractors"; "The Trust manipulated representatives and used the court and federal power to suppress the dissidence from farmers and workers"; corporate capitalism has become the momentum of the society, while "all the other aspects such as the politics and reforms were merely the outcomes of it", etc.[14] There are many other historians concerned about all the economic-social and political issues at that time as well. Most of them believed that the rapid industrialization caused considerable social-economic problems and social conflicts crammed into the country. As a result, all kinds of crises, especially class conflicts, have burst through the entire society.[15]

But the Progressive Era in America, as its name suggests, is notable for the political reform and social progress. As a response to the large amount of social-political conflicts and governance crises due to the industrialization and social-economic transformation, the elites from all social circles boosted the progressive movement and gained leadership eventually in reconstructing harmony in the American society.[16] The progressive movement has also fostered remarkable changes and transitions in the American political system and governance structure, such as enlarging the democracy, regulating the economy, advocating social equity, strengthening social control and enhancing government efficiency, etc., which have effectively tempered inter-class conflicts and laid a foundation for the subsequent American social revolution and state capacity building.[17]

The emergence of the third technological revolution following the Second World War has promoted the growth of productivity and economy in major capitalist countries, which became economically developed countries in the end. Their economies are so strong that they influence the politics as well as the economy all over the world. In general, people think the time between mid-1950s and early 1970s is the golden era of capitalism because of the high speed of economic development, while from early 1970s to 1980s there was stagnation followed by low economic growth in Western countries. There is still a lack of explicit theoretical statements on whether the economic and social development in Western countries after the Second World War can be seen as another transition after the industrialization transformation. But according to relevant literature, the feature of transformation is obvious. In the 1930s and 1940s, the Nobel Prize laureates in economics such as Hoffman, Kuznets and Samuelson studied meticulously the development stage and growth pattern of industrialization in developed capitalist countries. According to their authoritative argumentation,

[14] Diner (2008).

[15] Glad (1975), Hofstadter (1955), Stromquist (2006).

[16] Stromquist (2006), p. 16.

[17] C.f. Wang (2003b).

the earlier industrialization countries such as Britain, the United States and Japan have gone through four development stages, namely the "flying-off" stage before the Industrial Revolution, the "early economic growth" stage of the late nineteenth century, the development stage after the second Industrial Revolution and the post-1950s stage. Kuznets calls the development in the third stage "modern economic growth" and the fourth one "information-based economic growth". Later, in 1960, American sociologist D. Bell, for the first time, used the term "post-industrial society" in his book to describe the new social structure emerged in the second half of the twentieth century in the industrial society and thought that such a structure would give rise to a new social model in the twenty-first century in the United States, Japan, the Soviet Union and Western Europe.[18]

The post-industrial transformation starting from the 1950s has brought tremendous social problems, conflicts and various crises to the state governance as well. The social turbulence happened in major European countries and the United States in the late 1960s and the consequent so-called "neo-social movement" by Alain Touraine, one of the most noted sociologists in France, can be treated as the most symbolic historical events for this transformational crisis. As Touraine once stated on the influence of "neo-social movement": it will become the beginning of a new battle, not merely a cutting edge of a crisis. The new battle is fundamental to our society and will persist, just like the labor movement in the process of industrial capitalism.[19] Charles Tilly argued that upon reflection of the conflicts between the United States and other regions in the world in 1968, people developed such a viewpoint that the "old" social movement for the benefit of the workers and other exploited groups had passed its heyday; many observers held the opinion that the "new" social movement characterized by self-rule, self-expression and criticism of the post-industrial society was pushing aside and replacing the "old" social movement. The new social movement has also extended from the fight against post-industrial oppression indicated by Touraine in the earlier stage to the fight for woman's rights, homosexual rights, rights and interests of the aboriginal residents, environmental protection, etc.[20]

The sweeping new social movement that appeared in the 1960s among affluent Western countries indeed brought about considerable governance crises to these countries, so that some leading politicians, columnists, scholars and even the people tended to have a pessimistic thought: is democracy in crisis? A research report to a trilateral committee by three notable scholars in the 1970s conducted pragmatic analysis over the governance crises from political, social, economic and cultural causes. For instance, according to French scholar Michel Crozier's analysis over European governance crises, the crises came from internal political and economic chaos with structural reasons including the increase in social interactions, the influence of economic growth (inflation), the collapse of the traditional system, the confusion in the intelligentsia, the impact of the public media, the changes and contradictions in political belief and value structures, and the disparity between expressively values and

[18] Bell (1962), Wallerstein (1995).

[19] Touraine (1968), the quote from Tilly (2009).

[20] Ibid., pp. 99, 101.

actual behavior. The political consequences were characterized by the authoritative decline in the decision-making system, the overburden of the bureaucratic system and the lack of civic responsibilities. In light of the analysis by American scholar Samuel Huntington, the wave of social movement in the 1960s was the product of the drastic social and cultural transformations and convulsion, which was related to America's entry into the so-called post-industrial society and the dramatic democracy revival movement. Thanks to this movement, the public began to challenge the authority of the fixed political, social and economic institutions; the intellectual and other social elites resumed their belief in equality; the minority and the female were awakened to their political and economic rights; the society was brimming with the spirit of protest and equality and the enthusiasm for exposing and deterring inequality; the form of civilian participation made remarkable achievement as well. However, the expansion and vitality of democracy, the growth of government activities, the decline in political authority, the challenge of democracy to authority, the decrease in public confidence and trust, the downfall of the party system, the equilibrium conversion between the ruling party and opposing parties, and all other changes have caused disturbance and imbalance in democratic politics. According to Japanese scholar Joji Watanuki, the decline in governability of democracies was caused by the change in both exterior and interior environment. Interior elements refer to the pressure from the society and turbulence of the political ruling, such as the political romanticism arising from urbanization and rising education, the new generation's changes in political belief, social values and economic values, the decline in the governability of the leadership, the postponement in decision-making, and the political disputes of multi-partism, etc.[21]

Although the three scholars have different explanations over the content and reason of the social turbulence and governance crises to the three countries and regions respectively during the 1960s (which was related to the differences in their historical conditions of social-economic development and social environment), they share an issue in common, that is, the imbalance in economic, cultural and political development during social transformations. The problems are not only concerning institution and policy (though the adjustment and improvement hereof is necessary), but also structural, just as the transformation is structural. Even today, the social political pressure and national governance problems intrinsic in the neo-politics and new social movement of post-modernization are still bothering the major developed countries in the West.[22]

How these countries addressed the governance crises in the transition period is beyond the scope of this chapter. But here, I would like to emphasize that the occurrence of transformational governance crises is common, even no exception to these "model" Western developed countries. The two stages of transitional crises in the modern history of developed countries at least revealed to some extent that the governance crises in transition are not necessarily related to certain political systems, just

[21] Crozier et al. (1976).

[22] C.f. Pakulski (2007).

as the economic growth is not necessarily concomitant with the democratic system.[23] Hence, we can come to the conclusion that the best way to address the transitional governance crises does not lie in a so-called perfect institutional system. The key point is whether the existing system can adjust itself to deal with the transitional governance crises successfully. It is particularly important for post-developing countries (including China) to identify the crisis and choose appropriate strategies.

1.3 Market-Oriented Social Transformations and State Governance in China

In recent years, many overseas Chinese scholars have begun to pay attention to the transition history of industrial countries in the nineteenth and early twentieth century, and to compare the governance issues of China's market-based transformation with that in the history of developed countries. Compared to the Progressive Era, scholars found that China's reform and opening up practice share many historical similarities with America in terms of transition governance.[24] Some Chinese scholars also began to conduct special studies over America's "Progressive Era".[25] Most of them tried to learn from America in order to use the experience as references for China. Other scholars intended to further explore the vital social problems emerged with the industrialization in the Europe and America. Polanyi's analysis in *The Great Transformation* could be used to criticize the prevalent neo-liberalism inclination in China's market economy theory. If the trend continues, the disembedding impact of the free market and the potential catastrophe would destroy both the society and the environment.[26] Whether by taking lessons or taking warnings from the West, these aforementioned scholars shared an evident anxiety and concern, which is associated with the governance crisis in China's current transformations. The basic fact is that, though China has made tremendous achievements in economic growth, the social and environmental costs and governance crisis incurred hereof is also unprecedented. Although China faces similar transition governance crises with Europe and America, due to the differences in historical, cultural and political traditions between them, it symbolizes otherness in both the form and the means of transition and governance. To be specific, thanks to the market economy, China has upgraded its economic growth ever since the reform and opening up, but its governance model of "strengthening the state" will continue in spite of the institutional and functional adjustments. It will play a significant part in addressing domestic economic development issues,

[23] Przeworski and other people have conducted empirical analysis on the correlation between democratic politics and economic growth and concluded that the two were not necessarily related. C.f. Przeworski et al. (2000).

[24] Wang (2004), Yang (2004).

[25] See *Review of Public Administration*, which established a column on the study of Progressive Era of the United States in 2008 (2).

[26] Wang (2008), Ma (2009b).

maintaining social order and tackling the globalization and the worldwide financial crisis.

The market-oriented economic reform starting from 1978 has gradually deregulated the state control over the economy and the individual lifestyle. Generally speaking, marketization went through four stages.[27] The first stage (1979–1984) was marked by the emergence of the small-scale sporadic commodity trading market between individuals and the collective, which was the budding stage of China's market-oriented economy when the central government treated individual and collective economy as a supplement to the socialist planned economy on the policy level. In this stage, its role in the overall economy was quite limited, and the executive power still had strong intervention over such economic activities. The second stage (1985–1992) was characterized by the release of various reform policies and measures related to the market system. The percentage and influence of the planned economy began to wither while that of the market economy started to rise; meanwhile, market rules such as equivalent exchange, supply-demand relation, competition, etc. started to play a critical part in people's economic lives. In the third stage (1993–1999), the market economy began to dominate China's economic development pattern. With China's entry into the WTO, state-owned enterprises' participation in the market economy system and the market-based penetration in terms of labor, capital and land resources, market rules not only permeated the entire economic realm, but extended to the domains of utilities and social life such as education, health care, working insurance, housing, etc. The fourth stage (2000–present) is the adjustment of market reform and progress, especially when the state put forward the guideline of "balanced economic and social development" on development strategy. While stressing the deepening of the economic system reform, the central government also started to attach importance to the policy-making and investment in social development.

Although China's entry to the market economy was pushed forward step by step, the Chinese market economy process, when compared with that of Western developed countries in the modern times, is still very fast, together with severe challenges for the economy, society, environment and state governance. To begin with, regarding the market economy itself, the development path was seasonal, with growth, stagnation and even economic crises, which required timely and appropriate intervention by the state. The biggest challenge in the early stage of economic transformations was the price reform bottleneck triggered by "decentralization of authority and transfer of profits" and the "double-track pricing system". The failure of the price reform implemented by the government in 1988 caused social discontent and turbulence. The economic transformation in the first half of the 1990s encountered a series of problems including local economic separation, repeated construction and economic bubble, etc.[28] The economic development had made China bid farewell to the traditionally planned "shortage economy" and turned to the age of "surplus economy",

[27] For the division of the first three stages, I enjoyed the great benefit of "The Great Transformation: China's Post-1980s Double-movement" by Wang Shaoguang.

[28] Ironically, while the local separation or protectionism policy adopted by local governments for the protection of local interests impeded or slowed the extension of national market scale, it also tempered by and large the possible damage that "the self-regulated market" may bring about to

when state-owned enterprises were caught in a "dilemma". The "transformation" (privatization) of state-owned enterprises (SOEs) caused the loss of state assets and the impedance of "modern management system reform" by government authorities in charge. The export-oriented economic development model also suffered from the Asian financial crisis in the 1990s, the international trade frictions, the impact of the global financial crisis starting from 2008, etc. All such difficulties, challenges and crises cannot be tackled by the market itself, and must rely on the government's macroeconomic regulation measures and timely and appropriate policy interventions.

Secondly, marketization brought even more serious problems and challenges to the society and environment, especially since the middle and later stages of the 1990s. In the early 1990s, following the disintegration of the Soviet Union and the East European regimes, the political pledge "development is of fundamental significance", advocated by Deng Xiaoping, had international strategic significance. To boost economic prosperity and enhance national power, China had to promote the marketization reform and build up a healthy market economy. However, the development of the market economy changed not only China's economic structure but the social structure as well, and brought about diversified social interests and new social problems and conflicts. It generated irreversible impacts on people's lifestyle, mindset, values and the natural environment, etc. All these factors have posed new challenges to the national governance structure and capability.

The market economy is competition-oriented, but the sufficient conditions for "Pareto Optimal" competition assumed by classical economists were either too harsh or nonexistent in reality. Therefore, marketization without regulation would necessarily sharpen the stratified differentiation, the gap between the rich and the poor and class conflicts; the market-oriented capital and enterprises would inevitably exploit the commercialized labor, deceive the consumers, and result in irresponsible neglect of market externalities, etc. Additionally, with the rapid urbanization process in China, a great deal of surplus labor (the "floating population" or migrant workers in particular) has been flowing into the city. They could not be treated fairly on their work opportunities, revenue and living conditions in the city due to their non-residence identity and exclusion of the urban social welfare system. The various social problems and conflicts once occurred in the transformation history of Western developed countries fully presented in China's transition period, especially in the recent 10–20 years.[29] Marketization has also caused serious problems in the rural areas. The rapid development of industrialization and urbanization required a large amount of arable land, while national deficiency in the policy and execution of land management has inflicted the loss of vast farmlands, which badly impacted the farmland baseline for food security. To make things worse, the chaotic process

local economy and even the society, as argued by Polanyi. Of course, the counter-interaction by local government in administrative means to the market economy was only partial, sporadic and limited. Local protectionism is a "rational activity" on the micro level, as it to some extent helps build the reciprocal relations between the central and local levels. As for the cause, nature and negative impacts and solutions of local protectionism, please refer to Xu (2009), pp. 148–153.

[29]There has been a great deal of literature in this respect both at home and abroad, e.g., Solinger (1999), Gries and Rosen (2004), Lu (2002), Sun (1990).

of "agricultural residents being given non-agricultural status" in land use has also engendered the serious issue of "land-lost farmers". As the collectively-owned land in China's rural areas often obscures ownership, the state would mainly make compensations for land expropriation, local governments can acquire land via traditional regulations at a relatively low price and then sell it to the enterprises and developers at a higher price. The high price difference produced through traditional land acquisition policy and market-based transfer via land bidding has thus become an important source of financial revenue for many local governments. However, the social cost of such a market-oriented system transformation has mainly been shouldered by farmers, the most disadvantaged party in this process, which would inevitably cause basic living and social security problems among the land-lost farmers. In addition, industrialization and urbanization also brought about serious environmental pollution. In short, all the aforementioned problems would require the government's regulation and redistribution compensation through policies, and are also the grave challenges and pressing tasks that China currently faces in national governance.

Thirdly, the market-oriented economic and social transformation in China has not only brought about the serious social and environmental problems of the industrialization transformation forewarned by Polanyi, but it also partially produced the social, economic, cultural changes and the "New Social Movement" similar to the post-industrialization transformation in the West in the 1960s.[30] The loosening of the traditional "household registration system" and the disintegration of the "state-owned unit ownership system" of personnel, together with the urbanization and marketization of the labor force, have promoted a great increase in social mobility. Marketization has changed people's social values. Materialism has become a core part of standards social exchanges and actions. The weakening of traditional ideologies and the diversification of values have given radical intellectuals a louder voice and influence in society. The expansion of mass media coverage and the popularization of the Internet have broadened people's horizons and personal exchanges. A greater awareness of participation, social equity and rights have been broadcast among ordinary people. The combination of these social and cultural changes and a mounting number of social contradictions and conflicts have resulted in a variety of social appeals and actions to safeguard human rights, especially reflected in the rapid increase in petitions, pleas, protests and other types of "group events" in the past decade. This has created a unique "New Social Movement" in China's transitional period. Faced with a large number of diverse social demands and "non-institution participation", the power of decision-making authorities in the government (especially local governments) has declined; administrative loads have increased; and executive capacity has generally weakened. Maintaining social stability, improving the Party's governing ability and the government's responsiveness have become the primary tasks in China's transformation and governance. These have been repeatedly emphasized in official documents from the Party and the government.

[30]In the 30 years after the 1949 Revolution, China has essentially established a non-materialistic value system through a series of ideological reform movements. Since the reform and opening up, the establishment of market economy has allowed materialistic values to prevail.

It must be clarified that while the causes and contents of governance crises in different countries' transition are roughly the same at the same stage of development (such as during industrialization or post-industrialization phases), due to differences in the formation and development of historical, cultural and political systems in different countries, there may also be differences in the adjustments in national governance. As some Western scholars who have studied China's transformation have found, compared to the post-socialist countries in Eastern Europe and Russia, "the Chinese state is not adopting strategies of retreat or retrenchment, but is instead exploring strategies of adaptation"[31] in the face of a governance crisis in many aspects of transformation. That is to say, to some extent, the state has adapted its governance model to the economic-social transformation, through reform and change. This strategy is closely related to China's political traditions and its available governance resources. China has a long history and culture of a unified and centralized governance model based on the concept of a "strong country". The omnipotence of the state, based on a planned economy established after the revolution in 1949, brought all aspects of economy, society and even private life under the state's organization and control.[32] Since 1978, when China's reform and opening up began the gradual marketization and political democratization process, the state's monopoly over economic and social life gradually lifted, and its control in areas such as politics and ideology gradually loosened. After 30 years of reform and opening up, the state form of omnipotence now ceases to exist. On the whole, the country has not retreated or contracted from the economy and society, but has adapted to market-oriented social transformations through continuous institutional reform and policy adjustments, and has rebuilt the country's governance mechanisms. The state still plays a dominant role in the process of marketization and social transformation.[33] For example, China's economic liberalization in the early period of transition and popularization of market economy beginning in the 1990s have been carried out under state intervention. When the non-state-owned economy develops rapidly and the state-owned economy encounters major crises, the state tends to promote the reform strategy of "grasping the big and loosening the small" when it comes to state-owned enterprises. It implements a "transformation" (privatization or non-state-owned transition process) of a large number of small- and medium-sized state-owned enterprises in order to lighten the financial burden of the government, and at the same time, it focuses on reforming and supporting the large- and medium-sized countries that have strategic significance to the national economy and society as a whole. Some enterprises have been successfully transformed into pillars of the national economy and an important force in international competition. China's accession to the WTO in 2001 has increased the degree of China's economic

[31] Laliberte and Lanteigne (2004), p. 7; from Ma Jun's point of view, China's national reconstruction since the reform has been a "two-way movement".

[32] Zou Dang used the concept of "omnipotence" to generalize the form of state in China after 1949. He believed that the emergence of "omnipotent" countries was related to the overall crisis of the country and the nation, because in such a comprehensive crisis, political elites are more likely to reach a political consensus in the historical mission of saving the nation from extinction. See Zou (1994).

[33] Geld (1997).

opening up to the outside world. At the same time, China has adapted to this change through a series of reforms that altered the existing functions of the government. With the development of the market economy and changes in the social structure, a new social stratification emerged and its policy level influence on national politics has been expanding. The state has made corresponding adjustments at the political system level and the policy level, both to absorb the elite of the new stratum and to reassure the vulnerable stratum of society. Of course, the leading role of the state and the reform of governance mechanism are inseparable. All kinds of economic and social problems that have arisen from economic reform are ultimately political problems, which must be dealt with and resolved through political system reforms.

1.4 China's Incremental Democratic Transition and State Governance

The democratic transition of developing countries is an important part of comparative politics. The definition of democratization from earlier literature on the political transition preferred the comparatively simple understanding of political typology "democracy being the opposite of despotism", while according to the majority of the literature, democratization is "the process of replacing despotism with democracy".[34] This simplified concept of political transition was not only theoretically biased, but failed to explain the diversity of political transitions among different countries; it also dispelled the theoretical possibility of incremental political reform and stable transition. As "transition" was seen as the alternation and substitution of two opposite political types, democratization was regarded as the process of the continuous political battle which involved both the political elites and the common people, leading to the overthrow of existing regime by the people-elected government and alteration of the political system. However, even among countries with a democratic system and a tradition of democratic elections such as Latin American countries, there were frequent emergencies and political instability, triggering pessimistic moods and skepticism over whether democracy could be strengthened among scholars favouring teleology and political typology.

The rise of the third wave of democratization in the second half of the twentieth century made these scholars regain confidence in democracy, which came from the sharp increase of democratic countries. The bottom line and procedures of democracy put forward by Huntington in 1993 required relatively free and fair elections for multiple parties to compete for control over the government.[35] Danilo Zolo summarized the discussions of classical and modern democracy theorists and defined the requisite characteristics of a democratic regime as "the competition of diversified political elite groups for leadership; an alternate solution of an insightful common view capable of judging politics; free elections, namely to grant the citizens genuine

[34] Foweraker (2007).

[35] Huntington (1993), p. 3.

power to decide the result of political competition"[36] Based on the bottom line and standards for democracy from Western democratic experience, as of the mid-1990s, the number of democratic countries had grown from 35 wealthy industrial countries in the West in 1974 to more than 120, including some developing countries.[37] However, when further studying the actual conditions of emerging democratic countries, many researchers found that such countries had problems in the political structure and governance performance. In particular, the defects of the democratic system in Latin America and the high social costs (mainly reflected in the crises of growth and distribution) paid for the political transition in East European countries and Russia as well as the political turmoil which had evoked such pessimistic views. As for the trajectory of democracy in Latin America, some scholars began to think that "the occurrence of the democratic transition is one thing while its continual existence is another"[38] Others claimed that democratic countries could never be thoroughly consolidated, as there was no way to know the breakdown edge of the self-occurring consensus.[39] The high social costs for the East European and Soviet political transition also aroused pessimism against the democratic and market-based transformation.[40] By the democratic criteria identified by Western democratic experience, Zolo described "the Singapore model" as the theoretical nightmare for Western democracy thought. Through the analysis of the Singapore model, he raised a bold question: would the Singapore model become a political form that Western democratic countries quickly turning to? And would Asian authoritarianism become the sole way out for today's Western democratic countries and welfare states in the face of crises?[41]

Thus, it can be seen that the political transformation theories of Western teleology and political typology have obvious discrepancies and even paradoxes with the developing countries' transformation experience, and thus cannot serve as satisfactory explanations for the democratic process in Latin America, East Europe, Soviet Union and East Asia, especially the characteristics of China's 30 years of transition. In his article published in 1997 on the fourth issue of *The Journal of Democracy*, Huntington recognized that it was wrong to equate democracy with elections. He further divided democratic countries into Western free democracies and non-Western unfree democracies. He admitted that the Western democracy was based on the Western political tradition, while East Asia had its own political tradition. Meanwhile, he emphasized that the traditional criteria for Western human rights, freedom and the rule of law be different from the non-Western democratic experience.[42] This indicated to some extent that democratization and political transformation were concepts with ambiguity and different interpretations, and also with some ideological bias and

[36] Zolo (2007), p. 432.
[37] Huntington (1993).
[38] See Leftwich (1997).
[39] C.f. Zolo (2007), p. 432.
[40] See Przeworski (1997).
[41] C.f. Zolo (2007), p. 437.
[42] Huntington (1991).

discrepancy between Western countries and developing countries.[43] Empirically, the sustainable democratization process was not a unitary political process driven by the awakening of democratic awareness and the establishment of values, nor was it merely the process driven by exterior forces such as the so-called "demonstration" and "snowball" summarized by Huntington in *The Third Wave*. Sustainable democratization should be more intrinsic, driven by a realistic need for governance and selective feasible strategies by key participants, and restricted by the economic environment and existing institutional conditions. Sustainable democratization should be based not only on democratic values, but the pragmatic basis of democratic governance. Without good governance, democracy cannot get consolidated and work properly.

China's democratic transformation started in 1978 when the Communist Party of China fine-tuned its political strategy and established the policy of reform and opening up. After a decade of political turmoil and shock brought about by the "Cultural Revolution", China's state governance was in the critical condition of "awaiting rejuvenation". To realize the national modernization and reconstruct political validity, the leadership from the Party and the state level reached the political consensus of promoting "democratic and legal construction" and implementing the "reform and opening up" policy. From the 1980s onward, the democratization of political life and the legalization of state governance became the main path of China's political development. This transformation featured two obvious characteristics in its development, that is, adherence to the Party's leadership and the adoption of the incremental reform policy. To begin with, adherence to the Party's leadership involved insisting on the CPC's status as the ruling Party and supporting the Party leaders' political authority. The Party's ruling status has been regarded as the important guarantee of political stability and economic development. Ever since the reform and opening up, the key leaders of the Party have been reiterating that China should not fully duplicate the Western model of democracy. The political reform should not be aimed at weakening the Party's leadership and changing the existing system, but at refining and strengthening the Party's leadership and governance capability, enhancing the validity of the national political system, structure and policies, and bringing the superior qualities of the existing system into play.[44] Any reform should be devised and operated to meet China's actual political need and adjusted effectively in terms of the timing and content as required. As a matter of fact, China's political system reform is a top-down political process driven and dominated by reform leaders, to reforming and transforming the existing political operation system without fundamentally changing it. At the early stage of the political transformation, political reform was basically a policy-driven process dominated by the core leadership, when the democratization was decided not only by the political preference and determination of leadership,

[43] Even they are all "Western democratic systems", there're significant differences in the essence of the systems. For instance, American democratic theory and institution put more emphasis on the value of freedom while that in European country stressed the value of equality.

[44] C.f. Selected Works of Deng Xiaoping, Volume 2, p. 322 and Volume 3, p. 213. As for the relevant arguments and analysis over the political democratization by Deng Xiaoping, please refer to Cui and Sun (1997).

but by their judgments over the pros and cons of the political reform and the consequences of the political uncertainties. However, when in the face of serious crises in political development, the core leadership system played a critical role in maintaining political stability. With the transition of the market economy, the increasing diversification of the society, and the development toward the "reverse" social protection movement starting from the mid-1990s, China's political system reform had also undergone top-down and bottom-up changes in terms of policy selection, while the Party's leadership still occupied a dominant position. Secondly, in terms of the specific policy selection and implementation of political reform and institutional transition, the Chinese leaders adopted the progressive or trial strategy, which was vividly depicted as "crossing the river by feeling the stones"[45] at the early stage of the reform and opening up. In fact, the actual conditions in China after the ten-year turbulence of the "Cultural Revolution" decided that political reform be more likely to be pursued through an incremental rather than radical approach. The experience of the "Cultural Revolution" in China made the senior leadership realize the potential risks of radical reform, while the ten-year cyclical political turmoil before this period reinforced the leadership's perception of the complexity and uncertainty of political reform and the need for consensus on and adherence to the gradual means of reform.

China's political system reform and the democratization went through three stages. The first stage (1978–1989) marked the beginning of political system reform and democratization, characterized by political "deregulation" and rationalization, and the reconstruction of the Party and state governance system. The Third Session of the Eleventh Central Committee of the CPC decided that the basic guideline of the Party would no longer be class conflict, but rather economic development. Through a major shift away from the ultra-left wing thought and political and social policies of the "Cultural Revolution", the Party and the state alleviated the political intervention over people's social life. Mostly, the Party adopted an easier attitude towards the intellectual and other social classes. Thanks to the new policy, nearly three million people were re-examined politically, or their political "labels" were removed. In various social and political activities such as job recruitment, promotion and enlistment, class background such as family origin was no longer that important. The institutional and ideological control over people was also greatly loosened. People began to have more choices for belief, expression and lifestyle. With the introduction of Western culture and ideas into China, considerable Western classical and modern works were translated into Chinese and then published. The intellectual were allowed (and sometimes even encouraged) to discuss some ideological, economic and political issues of the time in public.[46] The Party's leadership also tried to increase public involvement into politics through "promoting socialist democracy", mainly because

[45]This reform strategy was put forward by Chen Yun at theWorking Conference of the CPC Central Committee on Dec. 16, 1980, which was approved by Deng Xiaoping and hence adopted as the long-term reform guideline. C.f. *Selected Works of Deng Xiaoping*, Volume 2, p. 354.

[46]C.f. Harding (1987).

some leaders in charge of the reform believed that public participation in politics would be conducive to economic modernization and political stability.[47]

In 1979, the National People's Congress passed the New Election Law aimed at improving local governments' structure and the election process. It added some ingredients to democratic election, such as secret ballot, elections with more candidates than seats, etc., and was put into practice in 1980. The county-level deputy to the people's congress was elected through direct competition. The National People's Congress was also granted more authority and obligations; many a special committee was thus set up and began to perform its function of discussing national policy and holding counsel with national officials. The democratic parties and political consultative meetings were also resumed.

The rationalization of the CPC's organization and government agencies was embodied in five basic aspects of the political system reform as follows: (1) to establish the collective leadership mechanism to strengthen and improve the Party's capacity, and to reconstruct the party-government relationship through "separation of the party and government" in decision-making system; (2) to reinforce and develop the institution of the People's Congress and grant both the People's Congress and the Standing Committee of the National People's Congress (SCNPC) more substantial legislative power, so as to boost the construction of the legislative and legal systems; (3) to build an effective top-down working mechanism from the State Council to the local governments at all levels, and to establish legislative, disciplined and standardized government management system; (4) to overcome the bureaucratic work style and improve the governments' management through streamlining the administrative structure; (5) to adjust the relations between central and local governments, decentralize decision-making, personnel management and financial authority to some extent, and motivate local and grassroots government organs.

However, the initial stage of political reform was beset by many uncertainties. At the beginning of the reform, most people, whether determined reform leaders or enthusiastic scholars, had high expectations for China's political system reform. They believed that, through democratic and legal construction, they could address the drawbacks of the old system, overcome the over-centralization of the traditional decision-making system and the bureaucracy of the government administrative system, to create a socialist democratic policy system with extensive political involvement of the people. However, as Nina Halpern analysed, the political motive of the reform leaders at the early stage was to set up a political system that was rationalized but still controlled by the Party, but their efforts were complicated by the increasing political diversification after Mao's times.[48] The emancipation of the mind across the nation and political liberalization in the 1980s broadened the space for political expression, while the reappraisal and severe criticism of past historical problems and social-political conditions by the circles of thought and culture challenged to a great deal the mainstream thought and shocked continuously the ideological basis of the existing system. The progress of political system reform was not optimistic to

[47] Womack (1984).

[48] Halpern (1989).

those with high expectations. Alongside the achievement made in party-government relations and the reform of government organs, people could still feel the profound obstruction from the giant bureaucratic system. The hindrance of the planned bureaucratic system that people encountered in the process of the market-oriented economic system reform necessitated political system reform, while pressure from market competition and changes in the mode of public goods allocation also kindled people's discontent with the living conditions. The political disturbance incurred by cyclical students movement, the failure of the 1988 price reform and the various corruption induced by the dual-track operation of the economic system further exacerbating social dissatisfaction, eventually resulted in the political "storm" in the spring of 1989.

When the explicit political crisis quietened down, China's political development entered into an important adjustment phase, namely the second stage of cautious political system reform period (1989–1998). The June 1989 crisis in China and the "institutional collapse" of the Soviet Union and Eastern Europe caused by their political and economic system reform alarmed China's Communist leaders and brought about uncertainties to China's political reform as well. Even so, no significant reversion occurred in China's political reform. It began to prudently push forward the basic targets of political system reform for this stage and adjusted the order of priority for various objectives under more controllable preconditions. The political reform policy and strategy selection during this stage prioritized political stability and national prolonged peace and order. Meanwhile, the construction of the Party and governance capability, the rule of law and administrative system reform were the primary tasks. Following the rapid stabilization of the political order and the reshuffling of the leadership administration, overall improvement and rectification were considered of utmost importance. By emphasizing the basic principle of the "Four Insistences", the furious left-wing and right-wing ideological debate was refrained, and the path and policy of the reform and opening up established during the Third Session of the Eleventh Central Committee of the CPC, as well as the improvement and rectification guidelines established during the Third Session of the Thirteenth Central Committee of the CPC were upheld and carried forward. Regarding the self-construction of the Party, apart from the cultivation of the Party members' theoretical quality and governance ability, the punishment of corrupt Party members was also strengthened in the legal and institutional construction level. Ever since the release of Dangzheng Lingdao Ganbu Xuanba Renyong Gongzuo Zanxing Tiaoli (Provisional Regulation on the Selection and Appointment of Party and Government Cadres) in 1995 by the central government, there has been some progress in the transparency and institutionalization of cadre management system of the CPC.[49] The legislation and supervision functions of the people's congress were gradually extended and deepened. Concerning the government system, the issuance and implementation of the civil servant supervision system in the early 1990s, and the periodic five-year reform plan for government organs and legal administration led to the remarkable progress of the government management system in terms of its functional transition,

[49] Xu (2004a).

legal and institutional systems. Democratic reform was promoted in the rural area in terms of Villagers' self-governance. In November 1998, Law on the Organization of Villagers Committee (Cunmin Weiyuanhui Zuzhi Fa) was officially issued on the Ninth Standing Committee of the National People's Congress, as the election has been generalized in recruiting cadres in the villages. The reform measures mentioned above have effectively mitigated the periodic social turmoil and guaranteed political stability during the first stage, which boost the economic stability and development.

The cautious reform was also bound by the institutional structure, each reform would touch some deep-seated institutional issues. This is especially true with the acceleration of the economic growth and social transformation when new economic and social contradictions flowed in and the traditional means for stability preservation have been out of efficiency, and the cost increased. The cautious reform also faced pressure inside and outside the political system. Therefore, the political system reform must accelerate to satisfy the demands originated from the variation of political, economic and social structures.

Political system structure reform (1998–present) started from the 16th National Congress of the CPC. There seemed to be many more challenges for the new generation of leaders. The market-oriented reform and relevant government system reform made it possible for China to maintain a high speed in economic growth for 20 successive years. However, continuous economic prosperity also brought about a wide range of serious problems, which have threatened China's economic, social and even political stability. With China's entry into the WTO, the economic system and government management system fell under more pressure from the international economic system; China has been tagged as a "world factory" which is confronting gigantic ecological, resource and environmental difficulties; the widening gap between the urban and rural areas and among different regions, the dilemma of the agricultural, rural and farmer issues and rural governance, the lags of social welfare and the redistribution have been bothering both the central and local governments. In particular, the polarization of social classes, the imbalance of the allocation mechanism, and the misconduct and corruption of officials have become serious potential problems to the social and political stability. When facing challenges from economic-social structural changes, the new generation of leaders put forward brand new reform and governance concepts, such as people-oriented policy and the construction of a harmonious society. They are also building up an effective social policy system, through major adjustments in the policy structure, to address many issues concerning people's livelihood, such as social allocation and public service.

Furthering the reform of the political system is still a major political agenda for China. The development of a harmonious society requires that the national policy represents much more social equality and fairness and that the citizens have more convenient political accesses to express and get the protection from a more comprehensive legal system; the government system should have more accountability to the society and validity in terms of administrative management, and the government agencies and officials should keep the party and government honest and clean so as to control political power according to law. As the sole legitimate ruling party, the CPC will play a critical and irreplaceable role in China's political system reform

with a focus on political stability. How can the Party's advanced status and self-discipline be ensured? This issue is integral to the political reform. In the face of various problems and challenges, China's political system reform in the new century has been promoted in a wider domain and with more specific policy forms. These reform measures include: the pilot reform of the Party-wide democratic system and the standing committee system; the promotion of government officials' accountability system from the top to the bottom; the transparency and democratic trial reform in the selection and appointment of party cadres; the deepening of reform of the SCNPC system; the reform of the judicial system and the improvement of rural grassroots democratic elections; the trial reform of urban community construction, etc.

During the 17th National Congress of the CPC in October 2007, General Secretary Hu Jintao, after summarizing the achievements of political reform since the reform and opening up, put forward the statement of "developing socialist democratic politics and deepening the political system reform". The major objectives of the reform were summarized as follows: (1) adherence to the political development path of socialism with Chinese characteristics, (2) adherence to the integration of the Party's leadership, ruled by the people and governance by law, (3) adherence to and improvement of the people's congress system, the multi-party cooperation and political consultative system led by the CPC, the regional autonomy system, and the system of community-level self-governance, (4) the continuous advancement of the socialist political system. In deepening the political system reform, the top priority would be to expand intra-Party democracy.

Firstly, the political system will further enlarge the "voting system" of major decision-making in the Party and improve the system of fixed terms within various levels of Congress. The Standing Committee of the CPC will be supervised by the National Committee; there are vertical inspection systems in the central and provincial Party committee level, so as to expand democracy within the Party and strengthen supervision over authority, and to promote the development of people's democracy through the advancement of democracy inside the Party. Secondly, regarding the deputy percentage of the People's Congress among the urban and rural areas, we need to gradually practice the election of the NPC members based on the population percentage and eradicate the rural-urban difference, so as to increase the number of NPC deputies among farmers and reinforce their say in the national organs of power. Thirdly, it is necessary to develop democracy at the grassroots level, promote self-governance at the community level, enlarge the scope of self-governance and substantially boost the system of making government affairs transparent. Fourthly, we need to further deepen the reform of the legislative and judicial systems, build up the supreme authority of the Constitution and laws, enhance the legal system with Chinese characteristics, promote the scientific and democratic development of the legislative and judicial systems, effectively address the defects of the existing legal system, and gradually tackle problems such as the severe executive intervention in the judicial system, the lack of public commitment in the rule of law, and the ranking, administrative, commercialization and localization issues of the existing judicial system. We also need to guarantee that the judicial and prosecutorial organs exert their rights in an independent and just manner according to law and to strengthen

supervision in terms of the implementation, to prevent some relevant departments from obtaining undue interests through legislation. Fifthly, we shall foster the reform of the administrative system, explore the big-ministry system with integrated functions, and make the government agencies transform towards big-ministry system, with broad functions and fewer organs, to deal with the problems of multiple administrative levels, overlapping of agencies and responsibilities, etc. In this way, the government administrative system and functions can change from regulation-oriented to service-oriented, from the rule of man to the rule of law, from centralization to decentralization. It can thus be seen that the political reform of the 17th National Congress of the CPC was still carried through on two levels, the further democratic involvement on the level of political structure and the rationalization of the system on the level of governance.

Under the context of the industrialization and modernization transformations, political transition is a very complicated process, forming a multi-factor interactive relationship with the economic development, social transition and even the change of values and ideology. In particular, democratic transformations are usually closely related to the challenges of economic development, hence imbued with uncertainties. From the experience of the political and economic system transformations in developing countries over the past 30 years, we can see that in this worldwide transition process from authoritarianism to democratic governance, the countries all experienced national governance crises incurred by political uncertainties to a considerable degree. Hence, it is critical to reduce the political uncertainties, regulate the national governance system more promptly and improve the governance capability in the process of the political transformation. In this process, a radical reform would usually shock the entire operational system, thus possibly endangering the maintenance of the existing political system. Therefore, radical reform would cause reformers to lose control of the consequences of reform and be faced with gigantic challenges of political uncertainties. Compared with radical reform, progressive political reform would only make limited adjustments over some aspects of the political system or some reform over certain areas of the political system. The influence of such kind of reform over the entire political system is not obvious in the short-term, and the plans and measures in each stage of the reform are also limited and incomplete. Thus, it may be hard to realize the expected objectives. It may also bring about new problems, causing further reform to be fraught with difficulties. However, when seen from the entire progress, we may find that progressive reform may have more room for change than the relatively less stable radical reform, and is more likely to avoid the political disorder and collapse of the system like former Soviet Union. If the strategy and timing are appropriate, the problems and difficulties of the progressive reform can be settled through continuous reform exploration, and the social cost for the reform can also be addressed during the progressive process.

In general, China's political system reform over the past 30 years is an exploratory and evolutionary process. Under the leadership of the Party and the central government, through the interaction between the central and the local, the government and the society, politics and economics, China's political system has been continuously adjusting itself through reform, so as to meet its economic and social development

requirements. Such progressive reform has maintained the country's political stability and rapid economic growth. Compared with the former Soviet Union's radical political transformation, China's path to democratization and legitimacy is relatively smooth, while the high social cost for the market-oriented reform was also appropriately transferred during the progressive political and economic system reform. From the realistic point of view, China may have developed a special type of political transformation model through its political system reform experiences.

What is worth noting is that China's progressive reform model is not the negative delay strategy that is taken for granted by some scholars; nor is it a "reluctant choice" in the face of the dilemma of "the severe disadvantages of the political system" and the unexpected consequences of the political system reform.[50] Over the last 30 years, China has developed a practical and unique model of its own, which came into being through continuous adjustment and adaptation in the process of the pragmatic political system reform and democratization. However, this model still needs re-examination in practice and summary and discussion in theory. Through the observation of existing experiences, we could sum up this model as "an adaptive governance progressive reform model" in line with the following characteristics: the advocates and participants of the reform can reach strategic reform consensus and make rational policy selection in politics, fully utilize the effective national political and administrative resources to promote the economic reform and development, boost political reform step by step on the basis of political stability, adjust and reconstruct the national governance mechanism, and maintain the capability and adaptability of the national governance mechanism to deal with the transformation crises. In a research paper several years ago, the limit and potential of China's progressive political reform were once analyzed and discussed by the author, and the five fundamentals to be maintained for the progressive reform. The ideas proposed in the paper can also serve as a theoretical perspective to observe China's progressive reform model.[51] The adaptive governance progressive reform model can also be perceived from the structural elements of modern national governance, including the publicly recognizable core value system (ideology), the authoritative decision-making system, effective system of governance, orderly political involvement and beneficial interaction, moderate economic growth and social security system. In the adaptive reform process, good coordination and balance among several important variants is very important, which can be seen as the relation between transformation and order, the change and continuity in ideology, the interaction between marketization and democratization, the social structural transformation and political structural adjustment, institutional innovation and efficiency in China's 30 years of adaptive governance incremental reform. It is certainly impossible to get the so-called perfection of efficiency and performance expected by institutional romanticists. However, overall, such adjustment and balance are still stable and orderly. The transformation of the governance system can address the major challenges of the economic-social transformation with the model of crisis-adjustment-adaptation.

[50] Xu (2007).

[51] Xu (2000, 2002, 2004b).

1.5 Tentative Conclusions

From the analysis above, we can arrive at the conclusion that the various economic, social and political problems that China currently faces will create huge pressure and governance dilemmas for the existing national governance system, but there is no reason to believe that it will lead to the "breakdown" or "institutional collapse" of the existing system as predicted by some Western scholars. To begin with, Western developed countries also experienced similar governance crises in different stages of their market-oriented development and modernization process, some faced with even more serious problems than the ones that exist in China, e.g., issues during the large-scale class conflicts in America's Progressive Era, the Great Depression between the two World Wars, and the new social movement wave in the 1960s–1970s. It turned out that these crises did not cause the collapse of America's basic political system, but instead promoted the transition and adjustment of the national governance system. Thus, it would be illogical to believe that similar transformation crises would necessarily bring about different results in another civilized society.

Secondly, the political system collapse incurred by the national governance crises in former Soviet Union does not necessarily lead to the conclusion that China's political system is about to disintegrate. David Kota and Fred Will, who have been long engaged in the study and observation of the Soviet Union's economy and society, found that "the breakdown of the Soviet Union does not derive from the public rebellion accompanying the economic collapse, but rather the pursuit of individual interests by the ruling elites".[52] Based on the literature related to the political and economic system reform of the former Soviet Union, we can find that the dissolution of the Soviet system is, to a large extent, related to the policy and strategy selection of its reform. The failure of earlier economic policies induced more radical reform options. When radical reform was tenaciously resisted by the bureaucratic system, the elite class turned to promote the social democratization and motivate the masses to acquire the political support for the radical reform. The disorderly contest of power under the structure of the so-called election-based democracy adds momentum to the more drastic political and economic reform, leading to the violent tussle of power and the pursuit of special interests. The political system transformation in the former Soviet Union and the economic system transition under the guidance of "Washington consensus" all incurred high social costs. By contrast, China's reform is a progressive process, with more focus on the coordination between the economic and political system reform.

Thirdly, China has not descended into the "transformation trap" of "partial reform". Instead, it went through a progressive institutional transformation in politics and economy. On the economic side, China has rid itself of the highly centralized directive planned economy and developed the new market economy system with Chinese characteristics; on the political side, the highly centralized political system based on personal charisma has turned to institutionalization, democracy and legitimacy. China's progressive transformation is more rational and practical when

[52] Kotz and Weir (2002).

compared with the radical transition model of the former Soviet Union in terms of the theoretical guidance, the adaptability and policy selection of the system.[53] China's step-by-step market transformation has not been confronted by the economic recession crises that many countries have experienced under the "Washington Consensus"; instead, it has accumulated some political legitimacy capital from the ongoing reform and opening up and sustained economic growth. For instance, a survey on Chinese people's consciousness of citizenship conducted in 2008 by the Research Centre for Contemporary China at Peking University showed that Chinese people are highly concerned about social equity and public service, but they respond positively when it comes to the evaluation of the reform and opening up or national pride or in social-political confidence, political efficiency and participation, etc.[54] This situation is very similar to a survey conducted in the 1970s on the awareness of citizenship in major Western countries.[55] An earlier study (published in 2005) by the Chinese American scholar Tang Wenfang also found that, although some Western scholars were pessimistic about China's reform achievements and performance, Chinese people showed astonishing enthusiasm and support for their political structure and the ruling party. His conclusion that "China is neither crises-ridden nor prosperous" has been widely accepted.[56]

The above statement is not a denial of the fact that China still has tremendous social problems and national governance challenges, but rather emphasizes that the study of China's transformation should not start from an ideological perspective. In review of the capitalism and socialism system during the Cold War period, Adam Przeworski once pointed out that the supporters of capitalism or socialism often tried to display one system's superiority by reasoning the other's defects. The ubiquitous poverty and oppression of capitalism was once the reason to support socialism; the inappropriateness of centralization was used to support capitalism. This kind of argument can only end when the following is true: all the problems of one system can be settled under the other.[57] This comment can also apply to the argument over the ideology of different political systems. What makes the difference is that the several "ideological emancipation" ever since China's reform and opening up made

[53] For relevant studies and analysis, please find Xu (2009).

[54] See Shen et al. (2009). The key researchers in this research centre has strong social investigation background with professional training from the University of Michigan and international cooperation experience as well; their sampling method, questionnaire design and analysis approach also used the cross-national comparison and survey experience of the university as a reference.

[55] For relevant investigation and analysis, please find Almond and Verba eds. *The Civic Culture Revisited: An Analytic Study*, Boston: Little, Brown, 1980. In addition, David Easton also tried to explain the difference between the civilian support for the political system and for specific policies and leaders in 1975 when restating the concept of policy support. He divided the support zone into diffuse and specific. According to him, the diffuse type of support is general loyalty to the political system, largely unrelated to the performance and output of the political system in certain timing, but relatively enduring. On the other hand, the specific type of support depends on the recognition of individuals for the performance of the system in certain times, with no influence on the civilian general support for the political system. C.f. Easton (1975).

[56] C.f. Tang (2005).

[57] Przeworski, *Democracy and the Market*, p. 75.

the CPC and the government more rational in insisting on socialism with Chinese characteristics and learning from the West.

China's market economy and social transformation are still under way. As a developing country, the challenges it faces in terms of governance crises may be more complicated than that once faced by developed countries, which can be partly attributed to the fact that the transformation of developing countries face more restrictions, more pressure from the big powers and the international environment, as well as the larger influence from the pace of the modernization process. When the Chinese government was busy dealing with the crises related to social issues and conflicts (e.g., two-way social movement) similar to that once occurred in the Western industrialized era, the post-modern "new social movement" has started to exert governance pressure on the national system. China still has numerous problems to face and handle in its transformation period, and the governance crisis will not disappear soon. However, China's experience and the learning capabilities it accumulated in its 30 years of reform, coupled with the reservoir of good practices amassed in its economic development process, still grant China the resources and time needed to tide over the transformation crises.

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Part II
Theoretical Approach to the Policy Process

Chapter 2
From Political Development Theory to Policy Process Theory

Construction of the Middle-Range Theory in the Study of Political Reform in China

China's political reform, which began in the 1980s, is a historical event that has had a huge impact on political development in contemporary China. This political reform movement is a change driven by specific political leaders under certain historical conditions. Twenty years later, this political reform is still moving forward in its original form. The political changes brought about by the reform—the characteristics, ways and methods, and their astonishing persistence—put forward new research topics for the existing theoretical system of political development and political change.

Political development theory is an important part of Western comparative politics research. Political development theory regards political change as a process of transformation, from a traditional political system to a modern one. It emphasizes the Western democratic political system as a normative model through which to study the political, social and economic issues in political change in developing countries. In recent years, political development has become an important issue in the field of political science research in China. The theoretical study of China's political reform is also largely influenced by the theories of political development and its alternative theories. However, people's understanding of the limitations of methodology and the absence of a theoretical system in analyzing the political changes in developing countries is less known, particularly in the context of reference to political development theory. In the study of political reform in China, the theoretical assumptions, analytical frameworks, and the relations of variables set by political development theory are taken for granted as reflecting the actual political description and explanation of China's system. Therefore, it is necessary to critically review the basic contents and perspectives espoused by these theories, in order to compare and summarize the neglect of political reform theory in China and the limitations in methodology, so as to find a more reliable tool for theoretical analysis.

By critically analyzing the systematic absence of political development theory and political change theory, this chapter proposes the idea of establishing a middle-range theory that can guide the empirical analysis of political reform. In view of the

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characteristics of the gradual and continuous political reform in China, this section attempts to build an analytical theory of policy process based on policy choice, policy-making and policy implementation process of political reform in China, so that it can be applied to the empirical description and theoretical summary of China's political reform and to be able to give a theoretical answer to the specific problems of this reform.

2.1 Lack of a Political Development Theory and the Significance of Alternative Theories

Since the 1950s and 1960s, Western political development theorists have attempted to compare and analyze the problems of political changes and adaptation of different development patterns at various levels by using specific analytical frameworks and conceptual tools, as well as the development experience of Western democratic societies, and expect that this eventually establishes a universally applicable theoretical system. However, such efforts have faced great difficulties and challenges, particularly with many different development experiences of any political system, and many different historical and cultural backgrounds. The theoretical explanations, analytical paradigms, and indicators of progress established by the empirical studies of a few countries are constantly plagued by their own imperfections and limitations. This has also caused a decline in enthusiasm in researching macroscopic theories of political development. Since the 1970s, due to the persistent criticism of the macroscopic theory of political development by methodological and empirical research, few people have engaged in the discussion of macro-political development theory. Many researchers turned their interests to the development of the third world and regional studies, and turned to the exploration of the development strategy behind a particular cultural region. However, the emphasis has shifted from political development to the political economy, such as the relationship between economic development strategy as well as development model and the political system. Some alternative theories that are different from political development theories have also been introduced in succession.

The dilemma of political development theory lies in the universal goal of the theory it pursues, and the value system that is suspicious of Western centralism. From the very beginning, political development scholars wanted to establish a grand theory that could be used to analyze and explain all phenomena and laws governing the development of a particular society. This grand theory must not only be self-contained but also have the significance of theoretical interpretation.[1] The grand theory of political development attempts to establish its own theoretical system at

[1] Theoretical hermeneutists not only seek accurate summaries and explanations of facts, but also seek reasons to answer purposive actions related to social ideas. To this end, theoretical interpretations first need to establish a normative standard that can be directly evaluated, and then they must establish the link between these normative norms and generalize a causal theory that can explain, to the greatest possible extent, the coherence and understandability of the practical actions of a

both the dynamic level and the static level. From a dynamic perspective, political development is defined as the transition of the political form from the lower stage to an advanced stage, or from a traditional stage to a modern one. Regardless of dividing this stage of development into a dichotomy of traditional and modern, or into the three stages of traditional, modernizing, and modern, political development is regarded as a process of political modernization that has a fixed, targeted and irreversible course. This traditional-modern concept of development seeks to distinguish the political features of the Western developed countries from the political features of developing countries, and to draw from these differences the mutually incompatible political forms. The former's political features serve as the latter's pursuit in development goals. And this is how a theoretical framework for political development is established. The theoretical framework for this development, while seeking universal significance of its theoretical interpretation, also shows a clear and moral judgment view that the Western (or, more precisely, the Anglo-American) political system should be regarded as a model of successful experience and advantages that should be introduced and extended to other developing countries.[2] At a static level, political development theory attempts to measure the degree of political development of specific societies in a particular period, by creating a set of measurement indicators. Although the expression and classification of measurement indicators put forward by scholars are different, the indicators recognized by most are clearly marked by the characteristics and values of Western political systems. For example, take the three standards of political development proposed by Lucian Pye: (1) the extent to which people are equal in political participation and equal before the law, that is, the degree to which members of society are transformed from subjects to citizens, and the general legal acceptance of the principle of equality; (2) emphasis on the administrative capacity of administrative efficiency, rationality and secular policy orientation, as well as the degree of this ability to respond to people's needs; and (3) the degree of the integration of functions, specializations, and organizations among political and administrative bodies.[3] Another example is Olsen's five variables of political development, which include: (1) administrative capacity, including the function and effectiveness of the government bureaucracy, the integration of the interests of government agencies, and the stability of the government; (2) legislative functions, including the function of the legislature's interests integration and the extent to which the literati control politics; (3) the interest consolidation function and the degree of stability of political party organizations, while considering

particular society with the practices and traditions of other societies. See Eckstein (1975); and Donald Moon, "The Political Inquiry: A Synthesis of Opposed Perspectives," ibid., p. 173.

[2]For example, in his book *The Political Man*, Lipset argued that social modernization is inextricably linked to political democracy and the two are mutually reinforcing. Once a country reaches a higher literacy rate, a stronger social mobility and more radio and television content will speed up its democratization; see *The Political Man*, The Commercial Press, 1993, pp. 33–40. According to Shils, historical development or evolution is the way to modernity; that is, on the path towards democracy, emerging countries must be founded on the principle of equality for all, …going towards modernity is going towards science, …modernity is Westernization; see Shils (1966).

[3]Pye (1965).

that a competitive bipartisan or multi-party system is of full political development (otherwise it is regarded as non-development); (4) the degree of the separation of powers, including the extent of having a constitutional government, and the open selection of leaders and the degree of autonomy of the executive branch; (5) citizen influence, i.e., the presence of elected representatives, opposition to the parties and groups, and the extent of freedom in the press.[4] The establishment of these standards is undoubtedly based on a comprehension of Western political democracy systems, many of which have nothing to do with the experience and reality of non-Western democratic political systems.

With regard to research approach and value orientation, political development theory is based more on the theoretical value of pluralism. This theory upholds a deep ideological foundation and political with real significance in the United States, and meets the realistic needs of liberalist democratic system in its value orientation. Pluralism and neo-pluralism take the social dimension as its center and argues that social and political forces are of decisive importance in politics. The role of the state is to coordinate various political demands and interests from society and to achieve, as much as possible, balanced and reasonable political output and policy results, in order to safeguard political and social stability. Therefore, the social organizations, political parties, elections, expression of interests, integration of interests, political processes, and the corresponding democratic political and cultural characteristics and political system arrangements have become the main contents of politics studies. This perspective has formed the theoretical basis of modern American political science through the theoretical clarification, from Easton's political system theory, Almond's structural functionalism, Robert Dahl's democratic theory to the contributions of many other well-known American political scholars. At the same time, it became the ideological basis of the modern American liberal democratic political system. From the very beginning, political development theory was greatly influenced by the framework of pluralistic theoretical analysis. Especially after the publication of Almond and Coleman's book, *Politics of Developing Areas* (Princeton University Press 1960), political development theory began to evolve on the basis of a pluralist theory. The accompanying concepts, norms and research approaches have, in turn, influenced an entire generation of academics, keen on the study of political development. When this group of scholars, armed with pluralist theories, focused their research interests on the development of emerging countries in Latin America, Africa and Asia, most of them largely used the ideal model of Western political systems and structural functional systems to assess the reality of developing countries. From this standpoint, they identified the differences that exist between the political system and social structures of developing countries and the Western countries as a result of traditional, underdeveloped political systems and structural dysfunction, and correspondingly believed that the developed Western political system was modern, developed and structurally sound. At the same time, their enthusiasm for research lies not only in empirical academic discussions and research on the development of these regions, but also in focusing more on the Western experience in contributing

[4]Olsen (1968).

to the development of these regions and on importing Western democracy, pluralism and social justice standards to these areas.

The theoretical assumptions that set political development as the ultimate concrete goal to achieve are challenged in the empirical studies of non-Western countries. The experience of many emerging countries shows that political development is not carried out in a specific order. The goal of political development is often the result of political choices in a given period of time and against a particular cultural background in developing countries. Therefore, it is pluralistic and open. The dichotomy between traditional and modern, development and backwardness, and the application of this dichotomy to political development theory, have also resulted in many theoretical problems. Howard Wiarda believes that the concept of "modernization" is often treated as a synonym for "the West," while "modernization" and "tradition" both contain moral judgment. Most literature on political development relies too much on the historical experience of Western Europe and the United States, and holds too much emotion, favoritism and ethnocentricity. They are, to a considerable degree, not relevant to the current experience of developing countries. However, Samy's study of some non-Western countries' local systems found that some of the systems considered by scholars in the West to be "traditional" have, in part, transformed themselves into some sort of modern system that may provide a localized vehicle of transformation. It is another kind of vehicle that can replace the Western one of development, instead of powerlessly and blindly imitating the transformation from the traditional to the modern. Since the 1970s, scholars and political leaders of some developing countries have also joined the ranks of self-examination and criticism of the universality of the Western model of development, on the basis of the experience and lessons of local development. In their view, the timing and the phases of the development of the West may not necessarily be replicable. In fact, the historical conditions and timing for the development of most countries in the Third World have been very different. All lessons and experience of the West have almost always been reinterpreted in these areas by their own experiments. For example, the political role of the emerging middle class, the professionalism of the military, the political role of rural citizens and workers, and the popularity of political pluralism—all of which have been identified as part of Western political sociology—should be functionally redefined in political development. Moreover, for some developing countries, Western-centric models of political development have created in their own as well as the external world distortions in understanding the objective reality of their own country. Most of the traditional systems that are supposed to be re-conferred as modern content or simply should be overthrown have, to a large extent, proven their resilience and continuity and this phenomenon cannot be ignored. Not only did these systems survive under the influence of social and economic changes, they conformed to the tide of modernization and proved their adaptability. In the choice to pursue a model of development, it is impossible for developing countries to determine their own development strategy exactly according to the conditions, order and standards of the model of Western development. The local history, culture and system in these countries are not necessarily obstacles to development. Developing countries may find a new path suitable to their own

development and to their actual conditions. Some radical Western left-wing critics have even regarded Western theories of modernization and political development to be part of the Western ideological and intellectual offensive during the Cold War era. Their purpose is to maintain the Third World within the bounds of Western power to exclude other possibilities and other forms of development. As a result, the promotion of this model of development has already had a negative impact on some parts of the Third World, and development has itself accelerated the disintegration of some of the most fruitful and performance-bound institutions in the traditional systems in those countries, casually stifling possibilities for substantive development.[5]

From this, China can see that the critique of the "Western-Centered Theory" in political development theory came not only from developing countries, but also at first from other schools of thought in the West. Some of these criticisms were borne out of ideological controversy, but many are also based on the discussions of social science research aim and methodology. The problems and limitations of political development theory in its conception, theoretical assumptions, and methodologies, as well as the favoritism and imposing force of the Western development model in terms of value orientation, have made the universal pursuit of various aspects of this theory questionable. This suspicion has led to the emergence of alternative theories in comparative politics research.

In the 1970s, dependency theories and research approaches proposed by a number of scholars studying the development of Latin America made some clear theoretical advantages when they were compared with political development theory and related opinions. The dependency theory school criticized that the research approach in political development theory was too one-sided and lacked a historical view. They extended their horizons to the field of political economy, to aspects of the international political economy, history, and culture. Scholars in the dependency theory school of thought established their theoretical analysis system mainly from three aspects. First, they believe that the world system is in fact divided into developed "core" countries and "marginalized" countries with "low development". The problems of developing countries exist in large part due to their pursuit of the growth and economic expansion of the core countries. Second, these scholars emphasized the important role that the state plays in development and political change. They argued that developing countries should have enough capabilities to take decisive action on domestic and international issues. Third, they recognized the diversity of developing countries and gradually came to recognize the critical significance of local indigenous factors on long-term development. Compared to political development theory, dependency theory provides a more complete and reasonable explanation model for the development of Latin America, Africa and Asia. For example, in the study of development patterns in East Asia, the theoretical perspectives of the mainstream schools are greatly influenced by the fundamental views of the dependency theory. In the course of economic development in this region, the role of authoritarian

[5]Howard Wiarda, "Ethnocentrism of Social Science," see citation.

political systems and the political and cultural traditions in East Asia, were given a considerable degree of recognition.[6]

Although alternative theories hold advantages over political development theory in terms of empirical research and explanations, these theories (including the corporatism theory proposed later) are still ambitious theories that seek universal meaning and interpretation. Once a grand theory is created, and the more in-depth and finer the scope of application, the more obvious the weakness of its entire system. The dilemma of dependency theory comes, first of all, from internal divisions. Developing countries have both successful examples and failed examples in the pursuit of their own development. Therefore, the dependency theory schools also have split into positive dependency theory and negative dependency theory. While the former has heatedly discussed the gradual completion of some countries' transition from traditional authoritarianism to local democratic characteristics in their economic development, the latter has pointed out the uncertainty showed by the new democratic system since it is infiltrated by the traditional system. Some critics point out that dependency theory explains only the fact that developing countries were in transition and therefore can only be regarded as a theory of transition. It has also been pointed out that in the current international context and in the process of globalization, few countries can avoid being heavily affected by Western politics, economy and culture. If China views the localized models as a completely new path rather than as a pragmatic political strategy, its development prospects will look bleak. Instead, radical critics raised the issue to an ideological level. They were critical of dependency theory for the fact that its main "contribution" was not to provide insightful guidance on what has happened in a certain area, but rather to provide an ideological argument for the nationalist complex in that area. Therefore, dependency theory presents only a narrow and short-lived point of view.[7]

Political development theory and dependency theory have both successively encountered theoretical and value-orientation difficulties in their pursuit of universality. At the same time, theoretical debates are more complicated by ideological factors due to the involvement of the complex international reality and different values. However, it is undeniable that the emergence of alternative theories and criticisms of political development theory have produced at least two positive results. First, it belabors the subjective willingness and enthusiasm of comparative political research to seek the universality and consistency of the theory. Such a warning not only enables academics to begin the necessary reflection on the academic ideas dominated by the Western experience and value system, and to reconsider the scope of the use of many concepts, definitions, assumptions and hypotheses established by the Western social sciences, but also prompts a re-emphasis on the study of non-Western indigenous cultures, institutional traditions and modes of development. This introspection and re-assessment has led the search for a single model of political development to a theoretical discussion of the possibility of multi-source local development. In-depth and detailed studies on various theories of development in different regions have already

[6]For related research, see Deyoe et al. (1992), Xu (1998).

[7]Smith (1991).

given us the following tasks: how to judge and identify the differences and its causal connections between various models of development; how to further determine their local features and their connection to universal application; and how to determine the balance between the two models. Second, it provides a new dimension to the developing countries' pursuit of political choices in the process of development. In fact, alternative theories and indigenous development models have given countries facing development difficulties new hope for restructuring their confidence and overcoming inferiority complexes towards their own history and culture, emphasizing the importance of some reasonable elements of the traditional system, recognizing complicated facts that may be faced by various development paths, revisiting various possible development directions, choosing a development strategy in a pragmatic manner, and solving real problems facing the local people.

However, the debate between political development theory and dependency theory does not address the theoretical goal of consistency and universality pursued by a grand theory. Perhaps it can be argued that this theoretical goal may have been astray from the beginning. The problem exposed by the grand theory of political development lies precisely in the fact that its theoretical system overly pursues the significance of universality while ignoring the importance of particularity. It overemphasizes the meanings of universal values and ignores the specific political needs on the ground. In the process of modernization, the developing countries inevitably have to face the changes in their political system. Changes in the political system are likely to promote further development, it might as well destroy the political order and institutional conditions on which they continue to develop. Therefore, the key issue is how to choose political tactics so that political change can benefit the development instead of the other way around. This choice is difficult and complex. China must take into consideration the enormous pressure that cannot be divorced from the world economic system and Western values. China must also consider the constraints of our own historical traditions and the possible impact of changes in the social and political systems on the transition of our system. Therefore, solving the practical problems that encumber developing countries requires more elaborate and realistic medium-sized theoretical and political analysis tools. Such is the problem that has been ignored by political development theory.

2.2 The Theoretical Explanation of Political Changes

Since the original conception of political development theory, the grand theory of totality and universality was always the ultimate goal. As a result, political development theory has plunged into the dilemma of insufficient theoretical explanations when studying the political changes in developing countries and regions. Since the 1970s, comparative politics scholars have begun to shift their research focus to political changes in transitional societies. Compared with the study of political development theory, the theoretical study of political change—aside from the final goal of political development and the theoretical hypotheses and conceptual frameworks

of the order of stages of development—seeks to determine the reasons, models, processes and results of changes in the political system.

In a general sense, political change refers to a process in which a political system alters or shifts to another system. According to David Easton's definition and description, the political system refers to an organic that maintains the normal operation of the political system of a society, which is composed of system organization, system member, the capability of the organization and the authoritative influence of the members. The main function of the political system is to translate political input into official policies, decisions and actions and made authoritative distribution of social values. In Easton's view, the maintenance of the political system depends on two basic conditions: first, the sustainable authoritative distribution of social values; second, seeking to subject most members of the society to such authoritative distribution of values and submit to obedience as an obligation. The political system will collapse once the political system cannot make decisions effectively or if it cannot be accepted by the majority of the society in accordance with certain rules. In other words, the political system cannot be sustained once it cannot take the appropriate measures to deal with the social pressures to be formed or already formed or alternative political forces.

But Easton believes that even in the face of a serious economic crisis or social crisis, a political system will not easily or completely collapse. Although the political system shares certain boundaries with other systems, it can still be open and can respond effectively to the demands, support and pressures of the society. The political system usually has a special adaptability to external conditions and forces. Its internal organization can accumulate a large number of mechanisms to cope with the pressures of the external environment. These mechanisms enable the political system's organizations to regulate their own behavior, change their internal structures, and even re-establish their own basic goals. Easton objected to the prevailing theory of equilibrium analysis in his time because the theory held that when the system was under environmental pressure, the goals of the members of the political system would be to try to change the environment and establish a new point of equilibrium. This theory of equilibrium analysis actually conceals the possibility that the political system may choose different ways and objectives in response to social pressure. He pointed out that the adaptability of the political system is not only manifested as a simple self-adjustment under social pressure, revisions or radical changes of the external environment, but also should include a wide range of positive, constructive and even creative actions to avoid or absorb external alternative forces, including even radical changes to the political system itself.[8]

Although Easton's political system theory includes the issue of the maintenance and collapse of the political system, his interest was mainly in the former rather than the latter. He believes that the ways in which the political system operates continuously in an environment of stability that alternates with change should be the core theoretical issue of modern political science. Moreover, his analytical theory is mainly a kind of deductive reasoning, which is based on using an organic theory

[8]Easton (1999), Chap. 2.

to produce an abstraction of the deductive framework of the interactive behavioral system of human political life. Due to the over-abstraction and conceptualization of his theory, his analytical framework has been criticized by many as "omnipotent but inflexible"; the theoretical framework does not make any assumptions that are available for testing, and is therefore neither effective in helping us understand and analyze the real causes and motives of political change, nor useful in answering the question of why particular political changes take place.[9]

In a strict sense, Easton's political system theory cannot be regarded as a theory of political change. Easton himself has always regarded his theory of political system analysis as a normative theory whose purpose is to take the maintenance and stability of the political system as its value objective, analyze the necessary conditions for maximizing the fixed values, and give theoretical explanations based on this. But his commentary on the resilience of the political system that determines its maintenance or collapse has been absorbed by some scholars who have studied political changes. Almond, for example, regarded the power of the political system as a central variable in political change. In his opinion, the reason why the political system has changed is that the system acquires new capabilities. Traditional family and religious leaders, through the establishment of bureaucratic organizations, expand their ability to control society and absorb resources. Family and religious organizations are transformed into special political organizations. The original system increases the ability to integrate and mobilize the society. The political system capacity then undergoes changes and the political system itself has to change. Nicholas Berry regards the political system as a part of the social system. When the boundary between the political system and the social system changes, it inevitably affects the ability of the political system to execute. As long as the social functions performed by the political system expand, shrink and reorganize, the political system will change.[10]

This "capacity" doctrine in the political system has in fact been captured in the mainstream view of those studying political changes in developing countries. However, most scholars, under the influence of the Easton doctrine, tend to regard the political system merely as a whole. That is, they rarely penetrate deep into the political system and comparatively analyze the features of the system's adaptability. In their view, the political system is only a subsystem of the social system, a "black box" that constantly responds to the changes and influences of the social system. In its interactions with the social system, the political system is only a dependent variable, while the social system is the independent variable. Therefore, scholars have focused their attention on issues such as changes in the social system and their impact on the political system. Political input has become a major undertaking of their studies, while the internal functioning of the political system and the rules and methods of its operation are seldom touched upon. The characteristics of the political system seem to have been given or are determined by external social rules and values. This theoretical view is in fact of the same origin as the traditionalist theories of mass politics and pluralism in American political science. It enables most scholars who study political

[9] An overview of these criticisms can be found in Chilcote's (1998).

[10] Berry (1972).

change to focus their research interests on the effects of socio-economic changes, changes in social class and structure, the political influence of party organizations and other political social organizations, the political psychological factors and political cultural factors associated with political participation and other issues. Many issues ultimately return to the goals associated with values in Western democratic politics, as proposed by political development theory.

Samuel Huntington's theory has its own unique significance in the classic literature of political change in the West. In his 1968 book, *Political Order in Changing Societies*, Huntington's theoretical analysis of political changes has avoided any over-emphasis of the majority on the importance of democracy and instead shifted to the issue of political stability in developing countries. He bluntly criticized the politicians' biased understanding of the state (government) construction and argued that the strong tendency of anti-government in the history of the United States has led American politicians to think first of how to limit government power rather than to create authority and concentration of power. The government system and the restrictions on government power have been confused. The construction of a good government has been to formulate a written constitution, together with the Bill of Rights, the separation of powers, restrictions and balance, federalism, regular elections and competition among political parties. Huntington believes that this set of values is not suitable for developing countries. For most developing countries, the establishment of an authoritative political order is a priority. "The primary problem is not liberty but the creation of a legitimate public order." Only when political organizations with a certain standard are established can they then carry on meaningful elections; otherwise, "elections serve only to enhance the power of disruptive and reactionary social forces and to tear down the structure of public authority." Huntington put forward three basic facts to prove his point. First, judging from the basic function of government in maintaining public order, the biggest difference among all the countries in the world is not the form of government, but the extent to which each government implements effective rule. Second, economic growth in developing countries since the Second World War has not prompted the emergence of political development as foreseen by modern theorists in these countries. Rather, it has increased social chaos and political decay. Thirdly, in developing countries, countries with faster economic growth have more serious political turmoil. Based on the above facts, Huntington believes that the most important task for developing countries is to maintain political stability, and political stability depends on the link between political participation and political institutionalization. In his view, the fundamental reason for the expansion of the scope of political participation lies in the development of modernization and non-political socio-economy. The impact of modernization on political stability is manifested through the following process: the interaction between economic development and social mobility creates social setbacks; the interaction between social frustration and opportunities for mobility leads to the expansion of political participation; and political instability is caused by the expansion of political participation and the lag of political institutionalization. Although Huntington's theory began with modernization, he explicitly distinguished the study of socio-economic change from the study of political participation, political instability and violence,

focusing his research instead on the relationship between political participation and political institutionalization. In his view, the relationship between these two concepts is very important in various relations of modernization because the unbalance of such relations will lead to the failure of development and the political changes to political decay (i.e., political instability, corruption, authoritarianism, and violence). When analyzing the phenomenon of political decay, Huntington advocated restricting the political participation of new groups, restricting mass media, and suppressing mobilization of the masses to control and regulate the process of development. This theoretical analysis model was criticized by liberals who believed that his theory is conservative in its interpretation of development and relies on the values of stability, order, balance and harmony.

In general, the theory of political change attempts to make up for the deficiencies of the grand theory of political development from a relatively small aspect, narrowing the scope of the study to problems that affect the structural changes and transformational factors of the political system. Political change theory does not appear to be complicated at the macro-level. Changes in the economic structure resulting from social changes, the redrawing of social classes and strata, changes in elite-to-mass relations, and the evolution of the state (government) and social relations are the external causes of promoting political change. External causes promote internal adjustments of the political system and even change the system itself. The theory of political change is actually introduced into the field of political activities by the theory of social change, and more or less regards political changes as the inevitable result of social changes. Although the study of political changes has led many scholars to pay attention to empirical studies on the matter in specific countries and cultural regions, at the theoretical level, a grand historical narrative and a universal theoretical generalization of political changes are still regarded as major issues in political science, particularly since political changes are regarded as a branch of political development theory.[11]

In terms of methodology, studies of political change in the 1960s and 1970s mostly remained at the level of commentaries on the correlation between socio-economic change and political change. Most scholars explained the causes of political change from the perspectives of political socialization, and based on socio-economic variables and social-political variables. Although these research approaches are methodologically popular, they are not, in a strict sense, an analytical theory of political change. Rather, they are more of a descriptive theory of political change. These relative explanations are only a general description of the superficial phenomenon of political change, lacking in-depth analysis of the essence of causal relationships. Although the relative explanation in general sense provided the basic information for building an empirical theory, it is not an empirical theory analysis itself, and therefore cannot be used to understand the nature of the interaction between the relevant variables and is unable to make empirical interpretations or feasible predictions about political changes in the context of a particular institution.

[11] See Lipson (2001), Chap. 14.

When China delve into empirical studies of specific political transitions, China often find that the specific issues involved in political phenomena and actions in political transitions are much more complex than those of macroeconomics. There is no convergence between the generalization theory and experience in a specific context. The interpretation of the macroeconomic theory will appear pale and weak in the face of concrete facts, and the theoretical understanding of the social-political problems therefore lacks the guiding significance. The main reason for this problem is that the factual basis for the establishment of a macro-theoretical system is often limited. When such a theoretical system is used for a wider range of empirical studies, the guiding significance of its universalization theory becomes weakened or even lost. Especially in cross-cultural studies, macro-level theories' pursuit of the universality and bias in desires and values lead to the limitation and deviation of their theoretical explanatory power.[12]

Political change can actually include two fundamental levels of change. First, changes within the political system, that is, changes to the functional relationships between the system organization and the members; second, the transformation of the political system itself, that is, the political system as a whole, from one type to another type. Therefore, the theory of political change must be able to observe in-depth both the changes and the causes of the power and function structures within a given political system. It is also necessary to study whether one type of political system may evolve to another type of system or what to make of such an evolution. More importantly, however, it is also necessary to explore whether there is a connection between changes within the political system and the evolution of the whole system, whether a change within the political system can lead to a shift in the political system to another. However, it will be very difficult for macroscopic theories and methods of analysis for abstract macroscopic models to explore these questions since the in-depth discussions of these changes must be preceded by the establishment of a relatively specific empirical analysis theory.

2.3 Policy Process: A Middle-Range Theory of Political Reform Research

Based on the discussion above, the gap between abstract grand theories and concrete experience is becoming more obvious. To close this gap, the theoretical path is to set up middle-range theory between grand theory and concrete experience. The sociologist Robert Merton has proposed the idea of establishing a middle-range theory based on similar problems that existed in the field of sociological research. In his opinion, the significance of the middle-range theory is that it bridges the gap between abstract theoretical research and concrete empirical analysis, and it is a theory that lies between the abstract unity theory and the specific empirical descriptions. The

[12]For discussion on related issues, see Wallerstein et al. (1997), Xu (2002).

purpose of the middle-range theory is mainly to guide empirical research, as the theory can be verified through experience. Therefore, it only involves a limited social phenomenon, suitable for the interpretation of limited areas of social activities. At the same time, the middle-range theory does not exclude the ideological viewpoints and theoretical construction strategies of the classic macroscopic theory. Instead, it points out shortcomings of the idealization and emptiness arising from the generalization and abstraction of the macroscopic theory, opening up specific areas and research direction that are neglected by the macroscopic theory, and enhancing the applicability, adaptability and guidance of the theoretical research. The strategy for realizing this theoretical assumption is to establish middle-range theoretical ideas and assumptions for empirical investigation by distinguishing between macro-theoretical issues and micro-realist issues, and to enable the conceptions and assumptions to be confirmed in specific empirical surveys. Therefore, the middle-range theory is actually an extension of and supplement to the research of classical macroscopic theory. It does not deliberately seek the ultimate solutions and theoretical explanations to major social problems. Instead, it attempts to find, in a limited area through empirical methods, theoretical ways and programs that can solve real problems.[13]

China's theoretical circles have been in an embarrassing stagnant state of theoretical research on political reform. For a long while, political reform has been unable to extricate itself from paradoxical narratives of grand theory in its theoretical guidance, lacking sufficient theoretical guidance in empirical research, thus resulting in a polarization of grand theoretical narratives and case studies of factual matters. The critical and irrelevant deduction and induction of the grand theoretical narratives, the trivial method of taking each case for the sake of discussion lacking theoretical imagination and contemplation, reflects the fact that Chinese theoretical circles have a poor theory of political reform in China. The borrowed patchwork in the grand theoretical narrative and the lack of theoretical guidance in blind and discrete case analysis means that related research is unable to meaningfully accumulate knowledge and promote theoretical understanding. Therefore, Merton's ideas and designs of the middle-range theory have important guiding significance for theoretical research and methodology discussions related to China's political reform.

Research on China's political reform should be guided by macro-theoretical research. The theories of political development and political change also provide some general concepts, theoretical assumptions and research frameworks that can be used for reference in China's political reform. Changes in social structure (such as stratification and restructuring of social class) caused by the economic development, the evolution of state-society relations, changes in basic social values (such as changes in political awareness and perceptions of social elite and the public) may all become certain external causes and forces that influence and promote political reform. However, when China uses these theories to analyze the practical activities of China's political reform, its related concepts and inferences can only be to-be-tested hypotheses, not the basis for the established facts. Moreover, many of the causal

[13]For Merton's discussion of middle theory, see Merton (1996). For a review of the theoretical implications and characteristics of Merton's middle-range theory, see Wen (2003), Turner (2001).

inferences deduced from the theories of political development and political change are still too general for answering more specific in-depth issues. For example, in what ways did China's rapid economic development and social structure changes influence the political reform process? What factors and conditions determine the choice of the goals and contents and the application of forms and methods of political reform, and what are the reasons that propelled China's political reform to reveal some diverging characteristics? These questions cannot be answered in concrete terms solely on the basis of macroscopic theoretical assumptions and explanations of political development and political changes.

Therefore, when China are involved in the study of the specific issues related to political reform in China and the search for theoretical explanations, China must establish more exact analytical theories for these specific issues. This kind of theory should be of theoretical significance for the study of the specific issues of concern, and at the same time, should also explain and supplement some basic assumptions put forward by macro theories. This theory should not be comprehensive. Equal inclusion of all relevant variables into the analytical framework would be futile and would not help clarify the causal relationships that may exist between the various factors. Therefore, this theory is in essence a limited theory, and the object of its observations should be the facts that exist, not hypotheses draw from theoretical inference. The argument should be based on existing facts, not expectations of a concept. Its theoretical assumptions should be based on a limited number of facts that are related to each other, rather than all-encompassing facts of equal rights.

If China examines the process of political change surrounding the characteristics of China's political reform over the past two decades, China may establish a more targeted analytical theory. First of all, China can start from the political changes in building our theory of analysis. Political change can be divided into two very different ways: political reform and political revolution. Political reform is a type of political change, while political revolution is different in essence since it involves mobilizing large-scale social and political forces as a means of revolutionizing the existing political system. A political revolution thoroughly changes the existing authoritative system and results in the large-scale conversion of the political elite. Therefore, political revolution is a violent political activity that involves political conflicts of high intensity in the field of politics. Due to these characteristics, the theoretical and analytical framework used to examine and study political revolutions will be more inclined towards the level of political conflict. Political studies of revolutions tend to focus more on the causes of the revolution, such as the clashes between different social classes and the struggle for power, particularly the partisan and ideological struggles among the varying political forces that represent these classes. In this case, social conflict theory, class analysis theory, social-state (opposite) relational theory and revolutionary theory have become the main theoretical tools of analysis. Political reform, on the other hand, more so involves the political activities at a low level of conflict in the political arena. It mainly deals with the adjustments and limited transformation of the political operating system and power structure that currently exists. Political reform comes about through the formulation of reform policies by the existing authoritative system, specifically, by the existing political

and administrative systems that will implement policies to help achieve the purpose of the political reform.

Departing from this basic understanding, political reform can be regarded as a policy process in which political authorities choose and formulate policies according to specific rules and implement them in a given political environment and political system. According to Easton's political system theory, the system will continue as long as the political system can constantly formulate and implement authoritative decisions. Maintaining a certain degree of political order and political stability is the starting point of the issue at hand. The main content of the political process is a policy choice, and subsequently, the formulation and implementation process. In this process, the demands and pressures from different social strata and interest groups, the political values of political leaders, bureaucratic politics and the factors of social and economic structure change will undoubtedly influence the choice, formulation and implementation of the policies. However, these factors only make sense if they are considered at the level of authoritative policymaking. Therefore, the analytical theory of political reform should be policy-oriented, and the core of this theory is the policy process.

The study of the policy process will undoubtedly create new territories for traditional political science research and provide a new way for us to construct an analytical theory of political reform. Seen from its proposal and development, the theory of policy process is not a new field. As early as half a century ago, Western political science had begun to focus on the study of policy processes. Most of its related research has been based on the discussion of the stable operation of the domestic political system. David Easton's political systems theory model has played an important role in the development of policy process research. In his opinion, the political system is formed by the regular interaction of political actors whose task is to "authoritatively distribute values" throughout society. The environment on which the political system is based constantly demands and gives varying degrees of support to the political system. The political system transforms these needs and support into forms of public policy in accordance with its operational rules. The results of policy implementation are then fed back to the environment and affect future political system input.[14] Thus, Easton's political system model can be seen as a preliminary model of the policy process.

Two different schools of scholarship have resulted from different understandings of their intended purpose and of the areas of comprehension that they can achieve of the public policy research. The "policy science school" scholars led by Lasswell advocated that research and analysis of the public policies should be based on rationality and science. They should "prescribe" public policy issues through instrumental rationality and methods of scientific analysis. As Lasswell argues, the systematic research on the policymaking process enables people to understand the relationship between instrumental policies and the values of their purpose. However, as long as normative choices in the final direction of society are identified,

[14]Easton (1965).

policy proposals and solutions can be put forward to achieve these values.[15] On the relationship between the goal of social values and policy choice, he believes that the realization of social values is the goal and the policy choice is the means; the relationship between instrumental policy and the value of purpose should be established by systematically discussing the policymaking process, while the normative choice of the final direction of society should be guaranteed through feasible suggestions and programs.[16] Yehezkel Dror's take on the matter is essentially the same. He believes that the purpose of policy science should be to improve "the design and operation of a public-policymaking system", the understanding of the specific policies should be combined with the understanding of the operation of the decision-making process and how to improve its operation. Therefore, knowledge about specific policies should be integrated with the relevant knowledge of the policy-making system itself, and policy science research should focus on how the policy-making system functions and how to improve it.[17] This school of thought mainly regards the purpose of public policy research as improving and perfecting the policymaking process and formulating good policies.[18] Its research methods are, mainly, the application of the instrumental rationality and the scientific analysis method.

Empirically-based "experiential explanations" seem to have a broader base in the political science community. This school does not advocate that public policy research should be based on normative theory (value judgment theory), and yet doubts applying the methods and tools of scientific analysis to improve the quality of public policy, since the choice and formulation of public policy are mainly political process. The process by which scientific and rational policy-planning can achieve social value goals is an idealistic assumption. For example, Dye believes that the study of public policy can only be the task of generating relevant empirical knowledge about the political process. He argued that normative and empirical models should be strictly distinguished from each other. Public policy research, though guided by normative interests, can only provide empirical explanations of the public policy. Therefore, he believes that public policy, in short, is what the government chooses to do or not to do. Policy research, on the other hand, seeks to discover what the government is doing and why certain actions must be taken, what has changed as a result? These studies can only describe and explain the causes and consequences of specific policies. However, Dye acknowledges that empirical knowledge provided by empirical research may serve as a reference for decision-makers.[19]

Since the 1970s, the fields of Western political science and public administration have paid increasing attention to the study of public policy. More and more political scientists and administrators have focused their research on the planning, formulation and implementation of public policies. In political science, research of the public policy process has become one of the major pillars. The empirical study of public

[15] Lasswell (1960).
[16] Lasswell (1971).
[17] Dror (1968).
[18] Dror (1971).
[19] Dye (1993).

policy insists on the more traditional descriptive analysis methods, and thus discusses the process of formulating and developing public policies from both macro- and micro-levels. Research on the policy process based on the macro-level theoretical model emphasizes long-term development and change in the field of policy or policy, the influence of political thoughts, social concepts, government organizations and social systems on the development and changes of public policies, and the impact of public policies on social development and changes. The study of the policy process based on the micro-level theoretical model focuses on the behavioral analysis of individual actors in the policy process and attempts to reveal the behavioral patterns of political elites, interest groups and bureaucracies from these comprehensive and detailed observations of the public policy process, as well as the institutional and cultural reasons for these patterns of behavior.[20]

Public policy analysis is one of the most active and productive research areas in policy process research. After the 1970s, public policy analysis rose to prominence and became a common concern of both academia and government. The products of public policy analysis at one time had a great impact on the traditional public administration, influencing people to speculate that public policy analysis may replace public administration and become an important discipline that would cultivate the government's top public administration talents.[21] Public policy analysis has inherited the ideas of the school of policy science. From the outset, it pays much attention to the practical application of public policy. It is concerned with how to solve the problems it faces rather than how to interpret them. Public policy analysis is mainly the use of a scientific and rational systematic approach to find the best alternative to achieve the goals of public policy. In the early days, the analysis of public policy was largely influenced by the RAND Corporation, a well-known American consulting firm. Its main purpose was to conduct scientific assessments and predictions of public policies. The methods of analysis mainly come from quantitative fields like economics, mathematics and statistics. A large number of research results of policy analysis are based on the case analysis of substantive policies. Many analytical tools and methods with limited applicability have been established around the assessment of specific policies. In subsequent studies, some scholars of policy analysis also began to pay attention to ethical issues concerning policy analysis. These questions are related to the conflict of values that professional policy analysts and project proprietors face during the policy analysis and how to deal with these conflicts of value.[22]

In addition, comparative policy extends the field of research to cross-cultural research. Its research includes the comparison of certain countries (such as Europe and the United States), substantive policies of different countries (such as health policy, tax policy, education policy, housing policy and environmental protection policy, etc.), as well as the comparison of the public policy process. The comparative study of public policies in the early years was dominated by sociology and

[20] Japanese scholar Dayue (1992).

[21] Fleishman (1991).

[22] For research in this area, see Weimer and Vining (1992), Fischer and Forester (1987), Patton and Sawicki (2001).

economic development theories, mainly focusing on and exploring how the state responded to policies in the general process of economic development and social modernization. According to this theory of development, as each country enters into an industrial society from an agricultural society and then into a developed modern society, each country experiences the same stage of development. The policy responses made by the governments of all countries are the same at the same stage of development. Under the guidance of this theory, some scholars attempt to test the general theory of social and economic development through comparative policy research. Since the 1970s, the theory has been criticized more and more because people find that the different reactions of governments on the same policy issue are not necessarily related to the stage of economic and social development they are in (for example, the differences in social welfare policies between European countries compared to Britain and the U.S.). Criticism of the development theory model has prompted a diversification of comparative policy research methods. Some scholars try to prove the impact of different cultural values formed by different historical experience and cultural accumulation on the formulation and implementation of public policies. Some scholars have re-researched the policy process in different countries from a history-institution angle, placing people's behavior or organizational behavior within a specific historical environment and specific institutional arrangements for investigation. The development and diversification of comparative research of public policy broke through the monopoly of the mainstream American school (pluralism school) of thought in this field, new theories and methods such as neo-corporatism, neo-institutionalism, policy networks and social choice have had an impact on policy process research.[23]

In the field of public organization research, it has long been widely recognized that public policy is not only the result of political activities, but also a product of the government's operations. Many scholars even believe that the policy process is the core of government operation. Public administration organization is a part of the policy process. It emphasizes that public policy research has the ability to cover the field of public administration and become the center of public administration research. Compared to the study of politics, public administration pays more attention to the scientific and rationalization of public policy design and management. Earlier scholars were concerned about scientific and optimal administrative decision-making, using the idealized model of rational choice, which stresses policy choices in the full grasp of relevant policy knowledge and information, and making the most of a good policy plan through the scientific method of rational choice. Subsequently, some scholars noted that the rational model of idealism strayed too far from reality, ignoring the limitations of human cognitive ability and the influence of political factors on decision-making. Therefore, a gradualist decision-making model was proposed.[24] In the 1980s, with the continuous expansion of the impact of New Public Administration, public policy research began to focus on the study of pluralistic social values and ethics, emphasizing the application of more social knowledge

[23]For related research, see Knoke et al. (1996), Heidenheimer et al. (1990), Jones (1994).

[24]The theory of Gradualism can be found in Lindblom's (1965); and Cliffs (1993).

to the planning and designing of future policies. The concept of policy design had been introduced into the study and analysis of public policy, and required that public policy be formulated through taking into account more of a social environment, and in particular, the impact that public policy will have on society and its members, rather than only considering who is dominant, who is the winner of the policy, and who won the competition in the policy-making process, along with other traditional political science issues. This new school of thought argued that whether a policy is a failure or not is fundamentally a matter of policy design. Policy design is not a purely technical and purely instrumental application. Successful policy design must take into account people's political, social, cultural and economic environment and induce citizens to take actions conducive to policy implementation. Therefore, policy design theory includes at least three aspects: the structural logic of a policy model, an individual decision-making model, and a policy environment model. These concepts and models should be based on empirical research.[25]

This shows that the policy research-oriented academic studies have involved politics, administration and even sociology and many other fields. The theoretical and empirical results produced by such research—including a large number of basic concepts, assumptions about the relationship between variables, theoretical analysis frameworks, research approaches and methods—provide many theoretical construction materials for the building of the analytical theory of the political reform. But the key question is how to extract the ingredients China need from these theoretical sources and construct theories that can be used to guide the study of political reform. The first task of the construction of such a policy process theory is to determine the research value standards that determine the scope and methodology of the policy process research, and determine which variables should be taken into account and which analytical tools should be used. Secondly, China put forward the basic problems observed from the facts, find the relevant variables according to these basic problems, and then narrow down the causal relationships between the variables through factual analyses, and ultimately, find the logical order among different causal relationships.

One of the important features embodied in the practice of China's political reform over the past two decades is its continuity and gradualness.[26] Regardless of how people may subjectively view this gradual reform, the ongoing gradual nature of the process is an undeniable fact. If China examine political reform in it based on continuing progressive features to figure out the causes of this continuous gradual political reform, in what ways it has changed the constitution as well as the mode of operation of the existing political system in China to varying degrees, this exercise will help us gain a deeper understanding of many specific issues concerning political reform in China. Therefore, the scope of the research on China's political reform policy process should first be identified in the field of political process. What will be involved is the reform policy that is chosen, formulated and implemented based on what kind of established approach and what kind of realistic considerations that

[25] Schneider and Ingram (1990).

[26] I have previously analyzed this persistent and gradual trait, see Xu (2000).

should be made, as opposed to starting with basic social values for policy design. Only when China has a more in-depth understanding and study of realistic facts and experience can China have a solid factual basis for policy design based on the basic social values. In accordance with this, the methodology should first be determined in the empirical study of empirical explanations, rather than a statement and an emphasis of normative values. The study of empirical interpretation is generally a study of established facts, that is, to take political reform as a given fact, and from there, proceed with a purposeful analysis of what has occurred. This approach will help remove due expectations of subjective values and goals, which will then help us understand the practice and experience of political reform and its laws as objectively as possible.

2.4 Framework for a Policy Process Theory

If the policy process can become a middle-range theory for analyzing China's political reform, it should include the following research contents. First, it must explore the kind of political environment and system in which the reform policy is formulated and implemented. Second, it needs to explore important variables that have an impact on the formulation and implementation of reform policies. Which of these variables (e.g., socio-economic conditions, various political organizations and institutions, various social groups, political leaders, etc.) are decisive? Third, it needs to explore the policy preferences of those groups, organizations or individuals that have a decisive role in formulating reform policies and the criteria and conditions on which they make their policy choices. The concept of policy process here is different from the concept of the policy-making process in policy analysis. It is instead defined by the political process surrounding the formulation and implementation of policies.

The political environment and the political system are important factors that restrict and regulate the formulation and implementation of policies. The state of the political environment determines the degree of political pressure or political support the political system may experience. The characteristics of the political system basically determine the possible roles that groups and individuals involved in policy process can play in policy-making. Differences in the political environment will largely affect the order and tone of priorities in policy choice. The structural differences in the characteristics of the political system will determine the differences in the power relations between policy groups and individuals involved in the processes of policy formulation and implementation. For example, when the political environment is conducive to political reform, the formulation and implementation of relevant reform policies will be easier. If the situation is the contrary, then relevant policies will be temporarily put on hold. If the political environment deteriorates due to the implementation of a certain policy and creates political instability, political reform will not only be temporarily halted, but existing policies will also be adjusted or even terminated. An authoritarian political system will cause the power of policy-making to be more concentrated in the state authority, while participation and influence of

social groups will be very weak. In addition, the personalized authority political structure and weakened institutionalization of the political system will give political leaders greater autonomy in decision-making and the attachment of bureaucratic groups to political organizations will greatly weaken their ability to boycott for their interests in political reforms. The investigation of the political environment and the characteristics of political system by a policy process theory should be dynamic. In particular, the investigation of the political system must not only clarify the basic characteristics of the political system structure and its role in the political process, but also examine its changes that have taken place in the process of political reform.

What are the crucial variables in the process of political reform that need to be examined and analyzed? Huntington's analytical framework and the related variables he put forward when outlining the approaches to study the political change deserve a reference. He believes that the study of political change can begin with the various relations between different components of the political system. The main components of the political system can be summarized into five types. The first is the part of political culture: the values, attitudes, orientations and beliefs that are politically relevant and predominate the general public. The second is the part of political structure: the visible political organizations, such as political parties, legislatures, administrations and bureaucracies that make authoritative decisions and put them into effect. The third is the segment of social groups: formal and informal social and economic groups that participate in politics in some way and make demands to political institutions. The fourth is the part of political leadership: individuals and groups in political institutions who have greater influence than others in defining the values and orientations in politics, and play an important role in policy choice and formulation. The fifth part is the policy: making and implementing political decisions through political activities whose purpose is to consciously influence the distribution of internal interests and penalties. Political changes must involve at least changes in these five areas. Under ordinary circumstances, the speed at which these components change is different and they affect each other to form different types of political change and results. Huntington therefore suggested that one should pay attention to studying the relationship between changes in these components, such as the relationship between dominating values and structural evolution, the relationship between leadership turnover and policy change, as well as the relationship between changes in the political participation of social groups and structural changes.[27]

The five variables summarized by Huntington provide us with some analytical tools to study the policy process. However, he merely listed these variables and the possibility of studying the potential relationship between variables, without further elaborating on the relationship between these five variables: based on what kind of logic, are the relationships applied to the cause and effect. In fact, these five variables are all related to the policy process, which can also be seen as the most basic variables of the policy process. The policy process is in effect a series of political activities carried out by people, around specific policy demands. This political process is also a process of continuous interaction among various political variables. The process

[27] Huntington, "The Change to Change: Modernization, Development, and Politics," Black (1996).

of its interaction is conducted under certain political conditions and under certain political rules. Here, the political system is a prerequisite for political interaction. The formulation and implementation of the reform policy is the result of political interaction. The reform policy will change the established political system to varying degrees, and the changed political system will become a prerequisite for the next round of political interactions. Therefore, after China identify the basic political variables of the reform, China must also explore the basic conditions of the political system and explore the ways and means by which other variables such as political organizations, social groups and political leaders are involved in political decision-making, particularly the role they play, the impact they produce, and which groups are playing the decisive roles.

In the policy process, the actions of the policy choice subjects are not only restricted by the political system but also controlled by its political needs and values. Such political needs and values are often closely linked. As James Anderson argues, policymakers' policy choices may be influenced by factors such as socio-economic conditions, political pressures, institutional procedures, and time and space constraints, but the role of the values and needs of policymakers cannot be ignored. These values can be grouped into five categories. One is political value, which is the political standard adopted by policymakers in evaluating policy options. For policy makers, "policies are seen as a means to develop and achieve the goals of political parties and interest groups, and political advantage forms the basis of such policy decisions." The second is organizational value, which is the consideration of policy-makers in the formulation of policies on the interests and goals of the organizations to which they belong. The values of such organizations are embodied in the pursuit of the existence of the organization (such as the bureaucracy), the development and expansion of the organization's programs and actions, as well as the maintenance of the powers and privileges of the organization. The third is personal value, which is the value that policymakers follow in protecting and developing one's political prestige and status, as well as other interests. The fourth is policy value. Political decision-makers are not only affected by the values of political, organizational and personal interests, but they may also make policy choice based on their own knowledge of public interest and the rationality of their policies. The fifth is ideological value, which consists of a set of logically linked values and beliefs defined by mainstream society and state authority. It is an important instrument and standard by which political authority measures the rationalization and legalization of policy actions.[28]

Anderson's classification of the types of values that affect policy decision-making provides us with five kinds of value references in policy orientation or preference, of which the ideological values are of particular significance for our analysis of China's political reform policy choices. Anderson's concept of ideological value is more determinative than Huntington's concept of political culture in the analysis of political reform policies process. Political culture is an experience-based attitude as well as related values and beliefs toward political authority, political power and the role of government, it expresses the subjective environment in which social groups

[28] Anderson (1990).

conduct political activities. It is difficult to determine to what extent and in what ways political culture has an effect on policy processes. Almond and Verba have attempted to explain how political culture determines the form of democratic political system, through the methods of social questionnaires and the theoretical models of cultural classification.[29] However, their conclusions have always been questioned. Easton criticized the ambiguity and uncertainty of the concept of political culture from beginning to end, and persisted in using the concept of value instead of the concept of culture as the basic concept of political analysis. In the policy process analysis, the concept of ideology has greater certainty and can be better observed. In most cases, ideology in the authoritative system is established and amended by political authorities. As the standard of rationality and legality of policy and political behavior, it is not only more explicit and coercive, but also, once the main body's ideology is corrected or changed, it tends to have a significant effect on policy choices and is therefore analytically observable. For example, the amendment made by the Chinese leadership toward the ideology system of class struggle at the end of 1978 has laid a reasonable value basis for the ensuing reform and opening-up policy. This is a good example of the above discussion.

However, Anderson's categorization of policy values orientation is only based on using a list, and does not further analyze what kind of logical relationship exists between them. It should be pointed out that these values may be contradictory in many situations, such as the conflict between political values and policy values or ideologies, the contradiction between ideologies and policy values, the relationship between organizational values and other values, and so on. When these contradictions arise, under what conditions can a value prevail, and amend or limit other values? Specifically, under what conditions can political values (such as the survival and development of political parties) promote the change or partial change of a given ideology, and under what conditions can they constrain the role of organizational values (such as bureaucratic sector interests)? These issues need to be further explored in the analysis of the reform policy process.

When China examines and analyzes the policy selection process, we not only examine and analyze policymakers' policy orientation and values, but also analyze uncertainties in policy choices. Assuming that policymakers are able to select any policy option based on their policy orientation and value criteria, he or she still faces the potential for uncertainty about policy outcomes. Policymakers always hope that a certain policy can be implemented according to an expected result. However, the policy solution is based on predictions and experience, in the process of implementing a policy there are still many unforeseen factors that will affect the actual result of the policy. In the absence of complete perfect experience and full predictive capacity, policymakers must carefully consider the consequences of a policy failure. This consideration is of great importance to the reformers because the failure of the policy of political reform in particular can have serious political consequences. Therefore, policymakers will face the problem of policy choices in dealing with policy failure. This means that rational decision-makers must choose appropriate policy strategies

[29] Xu (1989).

according to the existing conditions so as to reduce the uncertainty of policy results and guarantee the basic goals of reform policies. This strategic approach to the uncertainty of policy outcomes will determine the steps that reform policies will take, as well as the content and timetable for policy decisions. The re-use of a strategy will shape the choice of policy approaches, steps, content and timetables, and will eventually form certain characteristics of political reform.

So far, China can make basic summarized conclusions about the theoretical analysis framework of the policy process. First of all, China can assume that China's political reform is a reform of the power structure and political system under the existing basic political system. It is a process of adjustment, improvement and conversion of functions in political power and the government's operation system, based nonetheless on the maintenance of the stability of the basic political system. Therefore, political reform can be regarded as a policy process and a process of purposeful change in the existing political power relations and the functions of the government system, through the selection, formulation and implementation of policies. With the continuous deepening of political reform, certain principles and parts of the basic political system may be modified or changed in varying degrees. However, the starting point of the reform still maintains the basic objective of keeping stability as opposed to allowing subversion.

When China places a theoretical perspective on the analysis of policy processes, variables and the relationship between them that influence policy choices, as well as their formulation and implementation, will be the focus of our attention. Since China regard the policy process as the main line of investigation, the choice of key variables depends mainly on their relevance to the policy process. According to this criterion, China considers five variables that are closely related to the political reform policy process: ideology, political leadership, various organizational structures within the political operation systems, social groups, and public policies. At the same time, China assume that the relationship between these variables and the degree to which they influence the policy process are dictated by the power relations in the political system, which determines the different channels and levels of participation of different variables in policy choices, policy making and policy implementation. Based on this assumption, the following issues can be explored further. First, under the existing political system, what is the role of ideology on the rationality and legitimacy of reform policy, and under what conditions will the ideology itself change? Second, what is the role of political leadership in the choice and formulation of political reform policies under the authority system, and the influence of political leadership's orientation, preferences and standards on policy choices and policy strategies? Third, China can study the influence of the bureaucratic and organizational policy preferences and value standards on the formulation and implementation of reform policies, and the characteristics of these institutions and organizations (such as the degree of institutionalization or ability to adapt to change) on the choice of political reform policies. Fourth, China can examine the possible ways and various levels of social group participation in the policy process under the existing political system. Fifth, important factors that determine the content, steps and schedule of political reform policy.

The above framework for policy process analysis can also be used to analyze some specific theoretical issues in China's political reform. Based on the continuity and gradualness of China's political reform, the theoretical questions that need to be answered are: Why is China's political reform gradual rather than radical? How can this reform be long-lasting? To what extent can such gradual reforms realize the steady transformation of the existing political operating system? And does this change follow some observable logic? In view of some of these problems, China can assume that the persistence of political reform in China is determined by the policy objectives and the policy strategies adopted by the Chinese political leadership. Political reform is a continuous process of policy choices. Its characteristics of gradualness are related to the specific conditions of the system on which the policy choices are based. Empirically examining these hypotheses using the above theoretical policy process framework may lead to meaningful new conclusions that can form a contrast with the conclusions of traditional grand theory analyses.

To summarize, the policy process, as a middle-range theory for studying China's political reform, is an empirical theory that provides concrete theoretical guidance for experience-based research on political reform. Compared with the macroscopic theory of political development, the theory of policy process is limited. It mainly focuses on the theoretical assumptions and empirical tests of policy choices, policy making and policy implementation in political reform. It does not involve the discussion of subjective basic social values. Instead of evaluating the right and wrong of political reform from subjective normative judgments, it attempts to make a theoretical explanation of the basic characteristics and ways and methods of China's political reform. At the same time, the theoretical analysis of the policy process does not completely exclude the value choice. The construction of this theory is actually based on how to maintain the smooth operation of the policy process as a basic principle of value, and establishes related concepts and propositions around this value. Policy process theory recognizes values and goals, and attempts to analyze the necessary conditions for maximizing the achievement of a stated goal. In this sense, policy process theory is both descriptive and normative. It should be pointed out that this kind of normativity is different from the theory of traditional political ethics, because the traditional political ethics theory "at best merely tries to prove that the chosen ethical position is correct, and does not want to make any explanation of behavior."[30] Specifically, while political democracy and scientific decision-making in China's political reform have become repeatedly discussed topics among political leaders and academics, the policy process theory does not regard political democracy or policy science as the basic values and principles of its theoretical construction. Rather, it includes them as observable facts in its descriptive analysis. This choice has nothing to do with the author's political position, but is rather based on the consistency of theoretical construction. As Easton has pointed out many years ago, democratic politics, as a popular political system, has become a central topic of political ethics that people think endlessly about. Even now, the dispute about the position of democratic politics still persists. After policy science was put forward half a century ago, the controversy

[30]David Easton, *A Systems Analysis of Political Life*, p. 16.

that was triggered between rationalism and gradualism has subsided. However, the opposition between rationalism, or idealism and gradualism, or conservatism still exists. Therefore, taking these highly controversial and inaccurately defined values as the starting point of value of the theory would be inconsistent with the empirical goals of the policy process theory. Of course, the research field of political reform should cover many different levels of theoretical issues and value choices, including the realization of basic social value goals, the issues of scientific policy design, and the issues of ethical policy choices. However, the problems in these different fields should not be confused with belonging to the same area of investigation. Confounding the boundaries of these issues will only bring confusion in theoretical analyses and will not help clarify established values. In addition, if the exploration of basic social value goals and the scientific pursuit of policy design have been bereft of a truthful understanding of real politics, it would only make goals and designs that are out of practice become an attractive yet unattainable castle in the air.

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Chapter 3
Gradual Political Reform in China Based on Political Stability

China's reform and opening up has been an ongoing twenty-year effort. Over the course of these two decades, China has maintained rapid economic development and relative political stability, but many new socio-political issues have also arisen. The country's reforms have been a matter of widespread concern from the outset. The achievements of China's two decades of economic reform appear to have been widely recognized, but the progress made in political reform has been less unanimously praised and recognized. This disagreement has emerged for both subjective and objective reasons. Subjectively, some have a particular expectation of political reform in China that is so far removed from the realities of the country's political reform process such that they cannot identify with any progress that has been made. From an objective point of view, China's political reform represents gradual institutional change, and such types of change brought about in a given period of time are easier to ignore than radical reform. However, if we make an objective and meticulous empirical examination and historical comparison of China's two-decade political reform process, it is not difficult to see that far more progress has been made than is commonly thought.

This chapter argues that against the backdrop of the political legitimacy crisis triggered by the turbulent decade of the Cultural Revolution, political reform in China is a rational choice made by Chinese leaders to rebuild political legitimacy.[1] Realistically, the goal of the reform is political stability. The reform is gradual and

[1]Political legitimacy is a concept developed by Max Weber (1864–1920) at the beginning of the twentieth century and has been widely used in political science. According to this concept, no political system can be sustained over a long period of time without a social belief in the legitimacy of the political system. Political legitimacy refers to the consent and support of the people for political rule based on tradition or accepted norms. When the people are willing to perform their political duties for the ultimate authority, that authority has legitimacy. Legitimacy is seen as the basis for effective rule and political stability. At the beginning of the reform period in China, Deng Xiaoping and other central Party leaders repeatedly put forward the idea of gaining the support of the general public through the democratic rule of law and the development of the forces of production.

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cumulative in nature, which is achieved through a range of policy options. Through the cumulative effect of such gradual reforms, China's political system is slowly moving away from the highly individual-based, non-institutionalized and unstable institutional features of the past. Whether gradual reform can bring about substantive changes in China's political system and establish the legitimacy of the system for "lasting peace and stability" still requires the test of time; however, sustained gradual political reform is undoubtedly an important condition for substantive change. In addition, the normative constitutional system established by the Chinese Communist Party in the early years of the founding of the PRC was an important institutional basis for legitimate rule. Many of the political connotations embedded in this fundamental system provide room for a broad macro-regime that supports sustained and gradual political reform.

3.1 Political Stability and the Purpose of Political Reform

Since the mid-1980s, the content and goals of political reform in China have been a matter of great concern to the academic community. In the 1990s, different perspectives on political reform emerged as a result of various assessments of the political reform process and diverging perceptions of its objectives. For the sake of discussion, we can broadly divide these views into two schools of thought: sociocentrism and state-centrism. Generally speaking, sociocentrists emphasize the role of society in the interaction of socio-state relations in a doctrinal sense, while state-centrists emphasize the dominant role of the state in those relations. Sociocentrists are largely critical of the political reform process in China, arguing that while much progress has been made in economic reform, political reform has seriously lagged behind and the current political system has become more and more unsuited to the needs of an increasingly diverse and pluralistic society. The state-centric school is much more moderate in its approach to the political reform process, generally arguing that China's political reform, while indeed lagging behind economic reform, is still making consistent progress, and that in order to promote economic development, the political system must be improved within the political reform framework.

These two different evaluations reflect two different perceptions of the goals of political reform and two different value propositions. Sociocentrists see political reform as democratization, i.e., as expanding freedom of speech, assembly, and association and other democratic rights; promoting the growth of civil society; and limiting the power of government. Many of them have argued the importance of political democratization on theoretical grounds, suggesting that a more thorough market-oriented reform would require a radical change in the existing political system, as well as the speedy establishment of a democratic political system compatible with the market economy—essentially, it would require the all-encompassing system of power developed under the planned system to transform into a limited system of power compatible with the free market system. Others, through an assessment of Western liberal democratic thought, advocate the expansion of individual

freedoms and the introduction of democratic political institutions to establish the legitimacy of state power. To this end, sociocentrists have proposed various designs for democratic political systems. Most of these are modelled on the political systems of modern Western democracies and they advocate democratic constitutional institutions; the realization of the principle of the people's sovereignty; the strengthening of checks and balances on the separation of powers; the acceptance of Western values of human rights; the establishment of an autonomous civil society and the rule of law in the constitutional sense, etc. On the question of the fundamental task of political reform, sociocentrists place more emphasis on resolving the legitimacy of political rule through political democratization.[2]

State-centric theorists view the goal of political reform in China as reforming political systems that have not adapted to the needs of economic development. Whether the reform is economic or political in nature, the state is the leading force. Under the guide of the state, economic reform takes precedence over political reform, and political reform serves economic reform. The strength, timing and content of political reforms are chosen according to the degree of economic development and the progress of economic reform; therefore, a "relative lag" in political reform is considered normal, and it is not possible to carry out political reforms "ahead of schedule" that disregard the requirements of economic development.[3] Those who hold such perspectives emphasize the tremendous achievements of China's economic reforms over the past 20 years and affirm that such economic achievements would not have been possible without support from political reforms, which have adapted to the demands of economic reform. State-centrists also argue that China's political reforms are not, or should not be, reforms copied over from Western-style democracies. Premised on this goal of economic development, some of them argue that Western-style democratization would not necessarily promote economic development. Rather, in China's current situation, such democratization could bury the economy in the trap of political disorder and society as a whole could fall. State-centrists generally place greater emphasis on examining specific policy issues arising from economic reform and social development, and proposing targeted reform policies and recommendations. Some general reform plans include: reforming and institutionalizing the rules of the game within senior leadership groups, addressing the stability of public policies, accelerating the process of modernizing state institutions, and combating bureaucratic corruption and abuse of power by the government.[4] Some scholars also explicitly oppose blind adherence to Western democratic values and democratic political systems, suggesting that China's future political system should be chosen on the basis of Chinese history, and to make recommendations for reform of the political

[2] These ideas and opinions are mostly published in the form of academic papers and commentaries, collected mainly in *Public Discussions* (Sanlian Press, 1995–) and the collection of essays *Political China* (China Today Press, 1998 edition) and *Report on the Reform of the Chinese Political System* (China Film Press, 1999 edition).

[3] Huang (1998).

[4] Hu (1999).

system with the rule of law as the guide and administration of local officials at its core.[5]

Controversy over the purpose of China's political reform is undoubtedly an important source of inspiration for rational choices that determine the direction of reform and, to a certain extent, influences decision-making on reform. However, these views have more of a subjective value judgement overtone, often remaining at the level of normative ethical judgements of "how it should be" and "how it should not be", thus lacking effective explanatory power for many phenomena such as objective behavior and processes. Faced with many major issues in China's political reform, the task of the social sciences should first and foremost be to understand the facts about the characteristics of China's political reform and the way it operates, to explain possible reasons for these characteristics and ways, and to provide reliable knowledge for implementing the reform. In view of this, it is necessary to avoid extrapolating normative ethical goals and to avoid exploring the basic characteristics and modus operandi of China's 20-year political reform that in a way that strays far from objective facts.

Moreover, whether sociocentrist or state-centrist, the views of these scholars are more of an academic conception (not to mention the fact that these conceptions are hotly debated among each other) and remain quite different from the public policy mindset and policy choices on the ground in China. For example, the leaders of China's political reform have rejected from the outset a Western-style political arrangement based on liberal democratic values, and have repeatedly stressed this basic position at various times. State-centrists may argue that "using political reform to grow the economy" is consistent with the basic policy of "shifting the focus of work to socialist modernization", as set out at the Third Plenary Session of the 11th Central Committee of the CPC. However, the general approach is not necessarily the same as the general political goal. From the speeches of many major leaders, both from that period and later on, we can see that economic development and raising social productivity were both aimed at improving people's living standards and reflecting the strengths of a socialist system; importantly, economic development and the eventual realization of common social prosperity have always been mutually reinforcing. From a political development point of view, economic development and common prosperity have been essential conditions for establishing legitimate rule and achieving political stability in developing countries.

In most of the relevant literature from the Party and the government, the topic of political reform is often framed in terms of political system reform. The term 'political system reform' is often vaguely defined and its specific connotations change from time to time. This ambiguity and variability reflect the lack of a clear and consistent goal in China's political reform, which, from the beginning, has been guided by "crossing the river by feeling the stones"—a continuous quest to meet the political needs to resolve any crises while maintaining stability. The ambiguity in the objectives also reflects the practical needs of the operations of political reform. Political reform has become a long-standing basic consensus after the Third Plenary

[5]Pan (1999).

Session of the 11th Central Committee of the CPC, but over the course of reform, political elites have often disagreed on the specific content and steps of political reform. Ambiguous goals thus provide the necessary wiggle room for political elites to argue over ideology as well as the specific plans, procedures and timing of the reform. However, from the Deng Xiaoping era to the Jiang Zemin era, the Chinese leadership has agreed that political stability is the basic prerequisite for peaceful reform in China. Without political stability, reform cannot continue, and the gains that have been made may be lost. Therefore, the ability to maintain political stability has become an important consideration for reform leaders in choosing reform plans, processes and timing. Maintaining political stability has always been the basis of Chinese leaders' promotion of political reform with realistic considerations.

3.2 The History of Gradual Political Reform

China's political reforms over the past two decades can be broadly divided into two areas: governance system reform and political system reform. The reform of the governance system includes separation of the Party and government, the separation of government and enterprises, the reform of the cadre system, and the four reforms of government institutions.[6] The original purpose of the first separation was to create the necessary division of functions between the Party and the government, and reduce and exclude the blind command of non-technical bureaucrats within the Party over economic construction, and to prevent the interference of conservative ideology in economic reform. The separation of government and enterprises is a solution to the excessive meddling of government functional institutions in business operations. The goal was for enterprises to become autonomous economic entities and increase their economic viability. The cadre system reform is a change in the Party's former hiring system, which was dominated by class struggle, and the transformation of the Party's political elite, which was centered on economic construction. In the 1980s, revolutionization, rejuvanization, intellectualization and professionalization of the cadre system and implementation of the civil service in the 1990s established a cadre appointment, dismissal, and retirement system based on merit and on the criteria of professionalization and rejuvenation. The implementation of this system has basically completed the transformation of the Party and government elite from "revolutionary cadres" to technocrats.[7] The reform of government institutions is aimed at streamlining institutions, enhancing institutional efficiency and transforming government functions in parallel with transformations of the economic

[6]In the author's view, administrative system reform can be divided into a narrower and broader sense, the former may involve only the reform of government institutions and the establishment of civil service, while the latter may also include the separation of the Party and government, the separation of government and enterprises, and the reform of the cadre system, as these reforms are closely related to the administrative system. The use of the concept here is in the broader sense.

[7]Lee (1991).

system, by reducing the number of economic functional departments established under the planned economic system.

The reform of the political system involves elements of democratization and rule of law in China's political system. This reform, which began in the late 1970s and early 1980s, has been an intermittent process due to its sensitivity to the impact of political factors at home and abroad, and consists mainly of the improvement and institutionalization of the leadership system, the improvement of the system of People's congress and elections, and the gradual widening of channels of political participation. China's reforms in the area of democracy and rule of law are mainly incremental improvements within the framework of the existing political system, enabling it to enhance its institutional adaptability in the face of rapid socioeconomic changes.

Leadership system reform, which used to be based on the glorification of individual leaders, was one of the first political agreements reached by those leading China's reform. Combined with an ideological critique of cult of personality, the reform leadership began by establishing disciplinary inspection committees at all levels of the Party organization and restoring internal oversight mechanisms. The powers and functions of the Central Commission for Discipline Inspection were strengthened and expanded in subsequent reforms. By the 1990s, its mandate was not limited to investigating and dealing with Party members and cadres (including senior leaders) who had broken the law, but it also had the power to draw up rules and regulations to oversee conduct of Party members and cadres. In February 1980, at the Fifth Plenary Session of the 11th Central Committee of the CPC, regular working groups were re-established within the central leadership of the Party in order to correct situations where power was too concentrated in a few hands. The plenum also adopted the "Code of Conduct for Intraparty Political Life", establishing moderate game rules for the internal policy arguments and power struggles among leading group. In August of the same year, Deng Xiaoping formally proposed a reform plan for the leadership system.[8] In the following six years, the Party carried out a series of reforms for the leadership system, including establishing a system of working that combined collective leadership and individual division of labor at all levels of the Party's organization; regulated the Party's organizational activities (holding regular congresses of Party members and monitoring the Party's electoral system); and establishing a decision-making system with democratic consultation and collective discussion within the Party. The reformed leadership system retained the traditional practice of the "political core" at the central level, whereby in cases of disagreement on major issues and decisions, the final decision would always be determined by the recognized leaders of the Party in order to ensure unity within the Party leadership.[9] The institutionalization of collective leadership has largely prevented individual dictatorship and political unrest, and has maintained party unity.

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[8] *Selected Works of Deng Xiaoping, Vol. II*, p. 342.

[9] After the political turmoil of 1989, this political practice was re-emphasized by Deng Xiaoping and passed on to the third generation of leaders. See *Selected Works of Deng Xiaoping, Vol. III*, p. 310.

Western scholars observing China's modern and temporary political development tend to see the legislature's dynamism and respectability as one of the important indicators of its political rationalization.[10] For their part, the post-Mao Chinese Communist Party leaders made the improvement and development of the People's Congress system an important aspect of democracy-building. The People's Congress system rarely played a role during the Mao Zedong's era, and was even paralyzed for ten years during the Cultural Revolution. In 1978, the Third Plenary Session of the 11th Central Committee of the CPC put forward the policy of "developing a socialist democracy and strengthening the socialist legal system", and the original legislative function of the People's Congress system was restored. Their function as a regular legislative body has been consistently strengthened since then. The current constitution, adopted in 1982, established a model for the organization of the legislative body, from county-level people's congresses to the National People's Congress (NPC), with "one chamber, two tiers", and a system of directly electing representatives to the People's Congress at the county level.[11] The new constitution bolstered the powers of the Standing Committee of the NPC as a permanent legislative body and strengthened its authority and status as a permanent organ, as well as permanent representative of the NPC on a statutory basis.[12] As the reform progressed, the ability of the NPC to implement its constitutional powers and its status and role in the Chinese political system gradually increased. Especially after the 1990s, the gradual improvement and institutionalization of the NPC began to change the image of this institution as being a simple rubber stamp. Since 1991, when Wan Li, then Chairman of the NPC, began to place the supervision of the NPC on an equal footing with legislative work, successive NPCs have, without exception, stressed the importance of their supervisory duties. In order to better exercise this responsibility, in September 1993, the NPC enacted a number of provisions to strengthen the inspection and supervision of implementing the law. Although the Party still has

[10] O'Brien (1990).

[11] Prior to the 1982 Constitution, the People's Congress only established standing committees at the national level and in the provinces, autonomous regions and municipalities directly under the Central Government; the standing committees exercised very limited powers between sessions. Although the NPC has many important powers conferred by the Constitution, due to the fact that it meets only once a year for about two weeks, coupled with the large number of deputies and the limited ability to discuss government affairs of many deputies, it is, in practice, difficult to resolve important matters fully and effectively on a regular basis and to exercise the powers that it deserves to exercise. The establishment of a "one chamber, two tier" system, such as the Plenary Session of the NPC and the Standing Committee of the NPC at the county level and above, as well as the increase in the powers of the Standing Committee, have all greatly facilitated the actual role of the NPC in legislating and supervising the Government.

[12] According to Articles 62 and 67 of the Constitution of the People's Republic of China, the powers of the Standing Committee of the NPC include the power to supervise the implementation of the Constitution, the power to legislate, the power to appoint important personnel and the power to supervise financial affairs. As a result, the Standing Committee of the NPC has been transformed from the former executive office of the NPC into a relatively independent entity with real power to legislate and supervise and has become the permanent representative body of the NPC. In this way, through the Standing Committee, the NPC can regularly exercise the important powers conferred to it by the Constitution.

considerable control over the activities of the NPC and over the process of electing representatives, this control has weakened considerably. With the spread of democratic consciousness and improvements in the electoral system, the autonomy of elected deputies is gradually increasing, as is the Party's tolerance for the autonomy of the NPC. Deputies are increasingly critical of certain specific policies of the Party and the government, as well as of their performance. For example, at the Third Session of the 8th National People's Congress in 1995, the NPC deputies made many criticisms of the government's work and a large number of negative votes were cast on major government personnel arrangements, making the Party increasingly feel obliged to take the attitude of the NPC into account in such proposals.[13] At the same time, at provincial-level NPCs, incidents have occurred from time to time in which candidates designated by their superiors have been unsuccessful in the NPC elections and those jointly nominated by the deputies have been elected.[14] This is particularly prevalent at the local level.

Another important aspect of political system reform is construction of the rule of law. China's judicial system was established in the mid-1950s after its founding, but from the time of the anti-rightist movement to the end of the Cultural Revolution, this system had never really performed its proper function. In the late 1970s, public prosecutors' offices and courts, which had been abolished during the Cultural Revolution, were restored, and the functions of the "two chambers" in legal trials and judicial affairs continued to improve in subsequent judicial reforms. The 1982 Constitution established a judicial system of public trials and independent exercise of judicial power by the People's Courts, replacing the previous practice of cases being handled by the Party and administrative organs, nominally under the functions of the "two chambers".[15] In 1980, the Fifth National People's Congress adopted the "Provisional Lawyers Law of the People's Republic of China", and the legal defense

[13] For example, the "Provisional Regulations on the Selection and Appointment of Leading Party and Government Cadres", promulgated by the organization department of the CPC Central Committee in May 1995, clearly stipulates that: "A candidate recommended by the Party Committee for appointment or dismissal by the Standing Committee of the National People's Congress… shall not be recommended again for the same local post if he or she has failed to pass two consecutive appointments", *Selected Regulations of the Communist Party of China (1978–1996)*, Law Press China, 1996 edition, p. 393.

[14] The 1986 "Organic Law of the Local People's Congresses and Local People's Governments of the PRC", which introduced a comprehensive margin-of-victory elections for deputy government leaders and established this principle also for chief leaders, led to the defeat of candidates nominated by the presidium in most provinces and districts. Around 1988, the NPC rejected the nominations of government members in 18 provinces and districts, with an average rejection rate of 4%, the three highest being Hubei (19%), Shanxi (13%) and Hebei (12%). After the 1989 political turmoil, the central government introduced austerity measures to reform the political system, and in the general elections around 1993, the proportion of candidates for provincial vice-governors who were rejected by the NPC declined, but candidates for provincial governors nominated by the central government in Zhejiang and Guizhou lost in the NPC elections. In the 1998 general elections, as a result of the reform of the electoral system, candidates for chief provincial leaders nominated jointly by deputies were elected in a number of provinces; in Hunan, Hubei, Zhejiang and Anhui provinces, deputy provincial leaders nominated by the deputies were elected. See Cai (1998).

[15] Articles 125 and 126 of the Constitution of the People's Republic of China.

system was restored after 23 years of its termination. With the restoration of the lawyer's system and notary system, legal counsel offices and notary offices have been re-established throughout the country. Judicial procedures have also improved in the context of political reform, including reform of the criminal prosecution system and the establishment of the "presumption of innocence" principle. It is also a matter of enacting laws and regulations in various areas that will make the various actions of the government and society legally binding. According to some scholars, from the time of the Third Plenary Session of the 11th Central Committee of the CPC to the end of 1997, under the polices of "there is law to be followed, the law must be complied with, the law must be enforced, and the violation of the law must be punished", the NPC and its Standing Committee formulated 328 laws and decisions on legal issues and the State Council had issued and approved 791 administrative regulations; in addition, the People's Congresses and their Standing Committees in 30 provinces, cities and autonomous regions had formulated and approved over 7000 local regulations.[16] As the legal system strengthened, the issue of rule of law entered the Party's and the government's agenda.

Although significant progress has been made in the legislative process, effective implementation of the law has become a matter of concern. Raising legal awareness among the entire population and promoting legal education for all have become an integral part of constructing the rule of law. Since 1986, the Party and the government have been implementing a large-scale five-year plan to popularize legal education throughout the country, in accordance with the Constitution's provision on popularizing legal education. Between 1986 and 1990, education on the law was provided to leaders at all levels, workers, peasants, intellectuals, military personnel and students, covering ten laws and one regulation from the Constitution, criminal law, procedural law, economic contract law and civil law. Under the first five-year plan, 480,000 cadres from the county regiment level and above, 9.5 million general cadres, more than 100 million enterprise workers, 400 million peasants and 40 million urban residents took part in studying the law, 93% of whom passed the examinations and tests organized by their units. Building on this, the second five-year plan expanded the study of law to include laws and regulations related to work in various departments and systems as a way to enhance the knowledge of the cadres from various backgrounds about the law as it relates to them. The implementation of the plan enabled 700 million of the country's 810 million legal literacy targets to receive education in this area to varying degrees, essentially successfully popularizing a certain level of legal studies.[17] Through ten years of spreading legal literacy, the concept of the rule of law has begun to enter into the governance procedures of various governments, enterprises and public institutions. By the end of the first five-year plan period, two thirds of the governments above county-level (district-level) had hired legal advisers,

[16] Kang Xiaoguang, "Economic Growth, Social Equity, Democratic Rule of Law and the Basis of Legitimacy", in *Strategy and Management*, Issue no. 4, 1999; but *Outlook Weekly,* Issue no. 30, 26 July 1999, has different data: the state has more than 350 laws, the State Council has issued more than 800 administrative regulations and local governments have issued more than 5000 regulations.

[17] Xiao et al. (1997).

and more than 120,000 enterprises had hired legal advisers; many large enterprises had also established legal advisory bodies and procedures.[18] By the mid- to late-1990s, China's rule of law efforts had entered a new phase, and in February 1995, General Secretary Jiang Zemin proposed for the first time that the country should "implement and adhere to the rule of law" in a speech at the Central Committee of the CPC's "Lectures on the Rule of Law for Central Leading Comrades". On March 17th of the same year, the Ninth Five-Year Plan for National Economic and Social Development and the Outline of the Vision for 2010, approved at the Fourth Session of the 8th NPC, established "building a socialist state based on the rule of law" as one of its strategic objectives. Beginning in 1997, at the suggestion of scholars and experts, the relevant Party and government documents changed the term "legal system" to "rule of law", further emphasizing its importance in Chinese political life. At the 15th National Congress of the CPC, section six of Jiang Zemin's political report was devoted to political reform, as he set out the political objectives and tasks of "developing socialist democratic politics" and "building a socialist state governed by the rule of law". The political report also made it clear that rule of law must be institutionalized and legalized, and that its institutions and laws should not change in response to changes in political leadership. On the basis of achieving legal literacy through the first five-year plan and the second five-year plan, the focus in the third five-year plan shifted from the past goals of learning the law and using it, to promoting the long-term goal of implementing the basic strategy of governing a country by law. With regard to statistics, by the end of 1998, 26 provinces, autonomous regions and municipalities, 80% of prefecture-level cities, 70% of counties (cities and districts) and 60% of grassroots units had formally made decisions and resolutions on administration and governance in accordance with the law, and had established corresponding legal institutions.[19]

It is safe to say that through 20 years of political reform, China's political system (including the governance system) has made some notable achievements in terms of institutionalization, democratization, and the rule of law.

3.3 Gradual Political Reform as a Process of Policy Choices

China has undergone several political reforms since the Hundred Days Reform to the founding of the People's Republic of China in 1949, almost all of which have been short-lived, either cut short by the repression of conservative forces or replaced by revolution. China's modern political development has always been in a cycle of reform, counter-reform, revolution and turmoil. After establishing power by revolution, the Chinese Communist Party also made several attempts to establish a rational, institutionalized and stable mechanism for the operation of the state through reform, most of which were interrupted by revolutionary mass movements launched by the

[18] Xia and Gu (1999).

[19] Ibid, p. 882.

leaders. However, the political reforms initiated by the central leadership, with Deng Xiaoping at its core, have lasted for two decades since 1978 under a gradual pattern of "crossing the river by feeling the stones" and still serve as the foundation of the momentum behind current reforms. Even after Deng's death, China's third-generation leaders still held high the banner of his reforms, choosing the path of political reform without missing a beat. Why did Deng's political reforms continue for so long? Why hasn't this reform been aborted by counter-reform and revolution? And what are the factors that have saved this reform from the fate of previous ones?

Some scholars illustrate the path of political reform in terms of the role of the state or society. Statist-influenced neo-authoritarians argue for the importance of a strong, modernized political authority during the transition from a planned economy and a centralized political system to a market economy and a democratic political system. They advocate top-down reforms to drive China's political development by establishing the will and authority of the state to compulsorily accumulate capital, efficiently allocate resources and rapidly establish the political and legal order needed for the exchange of material goods.[20] Scholars influenced by civil society theory point to the limitations of top-down reform, arguing that China's market-oriented reforms are fostering a civil society that demands the protection of individual freedoms that prevent excessive state intervention in social life, and that a growing civil society is forming a bottom-up force, pushing China's political reforms toward democratization.[21] However, neither the gradualist political claims, the statist approach to the analysis, nor the civil society perspective survive the macro-analysis. They are at best historiographical, political, and sociological exegeses of respective reform camps, and they cannot provide an empirical explanation of the process of gradual political reform in China.

In discussions of political reform in China, it is customary to see reform as a necessary adjustment of the existing political system and the power arrangements within it in the context of economic development and potential resulting structural changes in society. However, at the operational level, political reform is first and foremost a political choice that is closely linked to the Party and government's leaders' perception of the economic and current political situation. Based on China's actual experience, it is not difficult to see that all major socio-political and economic changes have been premised on changes in the Party's policies, which in turn are closely related to the rational choices determined by the core leadership within the Party. It is impossible to understand the characteristics of China's political reform operations without understanding the process from this perspective. It should be noted that China's gradual political reform is in fact a process of continuous policy selection, and that

[20]The debate on neo-authoritarianism emerged in 1988–1989, and the main arguments were collected in Liu and Li (1989). The debate on neo-authoritarianism largely ceased after the 1989 turmoil, but new explanations were still proposed. For example, according to Wang Huning, in the process of social transformation in China, the authority of the old power structure is weakened and can no longer effectively guide and control the society. When the old power structure still exists but the authority is gone, structural adjustment is needed. New power structure requires a new authority, and this authority can come from promoting democracy. See Wang (1993).

[21]For an overview of perspectives on Chinese civil society theory, see Deng (1996).

the subject of such selection comes from a political elite or a group composed of such political elites with their own purposes, judgement, and decision-making authority. Such political elites are mainly the Party leaders who have decision-making power in reforming China's political system. The fact that policy choices and policy implementation may ultimately reflect exchange of interests and redistribution of interests in a certain degree between the state and society, and between social groups, does not suggest that such overly general concepts of state-society relations are sufficient to explain the operational features of political reform in China. The so-called abstract will of the state does not allow for concrete decision-making, and the situation of a society with scattered or even conflicting interests influencing the decision-making body through an effective mechanism that integrates those interests are still rare in China.[22] Therefore, it is necessary to understand how the Party leadership makes policy choices on the issue of political reform rather than to consider how political reform should proceed in the light of changes in the socio-economic environment alone.

If we think of gradual political reform as an ongoing process of policy selection by the Party leadership, then, in theory, the continuation of this policy selection process must have five basic conditions. First, political reform must be able to address the socio-political crisis that it is facing. Such crises may be existent or potential, and they may pose an immediate or future threat to socio-political stability, but they can be mitigated through reform. Secondly, political reform must be able to maintain and consolidate the political position of those in power (the Party) and increase their political resources and legitimacy. Political reforms are often carried out by those in power (political parties), and if they resolve social crises but do not maintain the legitimacy of those in power, they are not supported and may even resisted by those in power. The reform process would be interrupted in this case. Thirdly, political reform must be able to largely maintain the relative stability and inheritance of the political system. The political system is manifested in the organization of state power, and the rules and manners in which the state's institutions operate. The greatest challenge to political reform is often that the current political system is both the object of reform and the organizational means by which it is implemented. Drastic changes in the political system not only deprive the reform leaders of effective organizational means to push forward the reforms, but also make the reform tend to fail in the face of stubborn resistance from the old system. Fourth, the current political system must have a relative capacity for self-adjustment. A rigid political system often

[22]In some specific public policy decision-making processes in China, there are instances where certain powerful special interest groups in society exert influence on government decision-making, but this influence is fragmented, unsystematic and unstable and cannot be considered a significant force. Moreover, even in so-called liberal democracies with pluralistic, highly decentralized public policy decisions, the influence of social forces on national public policy has been questioned by some Western scholars. The American scholar Nordlinger has classified the relationship between the state and sociopolitical will in a democratic country as divergent, partially divergent or completely divergent, arguing that in any case, the state can use its administrative means and political strategies to convert its intentions into authoritative action. The author gives a detailed list of the means and strategies that the state can use in each of these three types of relationship. See Nordlinger (1981).

becomes the most difficult obstacle to political reform, forcing reform promoters to mobilize political forces outside the system to make drastic changes, thereby greatly increasing uncertainty about the consequences of political reform and the concerns of reformers, and even shaking their resolve. Finally, those in power must have the ability to learn by doing, to be able to continually absorb lessons and new knowledge in the process of reform, and to recognize and ascertain the consequences of political reform. These five conditions interact as both causes and effects, and political reform cannot be sustained if they are not met simultaneously.[23]

The most crucial reason why China's political reforms have been sustained and successful is that their promoters have been guided by pragmatic rather than ideal reform goals, and have adhered to a progressive model of reform from beginning to end.[24] This incremental approach can be successfully implemented because all five basic conditions are present in the reform process. Throughout the reform process, there were always apparent or potential crises, and the gradual implementation of the reform policy consistently defused these crises, allowing the Party to maintain leadership and a dominant position in the process. The policy choices for political reform were rational and prudent, and the reform of the old political system always had a relative balance of succession and change.

The pragmatism-oriented reform leadership since the reform and opening up of the country has based its vision of political reform on an awareness of the problems facing the political system at the time. In the early years of the reform, this understanding was close-ended and was derived largely from the reformers' own experiences. The plans were mainly about returning to the pre-Cultural Revolution political system, adjusting the distribution of power within the system, and relaxing the excessive political and ideological control over society. The restructuring and institutionalization of the internal distribution of power made some achievements, but it was also resisted by large bureaucratic interest groups within the system, either strong or weak. The relaxation of political and ideological control created a more relaxed socio-political environment conducive to economic development, but also, incidentally created the problem of so-called "bourgeois liberalization" and the challenge of conservative ideology. In the face of uncertainty about the outcome of political reform and consideration of political costs, the concept and action of political reform was the act of constantly selecting and adapting plans and actions in the dilemma of

[23]It must be noted, however, that these five conditions are the most basic rational policy choices. The aspirational goals and great fearlessness of the reform leaders are not excluded here. But reform leaders should be more rational and pragmatic in order to achieve their purpose in concrete operations.

[24]The incremental reform model refers to rational, sound decisions made by reform agents, based on realistic objectives in the absence of understanding of the consequences of reform under limited known conditions. Such decision-making is continuous, i.e., when the outcome of the current decision is largely clear, the subsequent decision corrects and complements the content of the previous decision, in order to avoid the high cost of reform associated with blind decision-making. So, here, incremental reform is less a descriptive concept of a phenomenon and more of an analytical concept about rational choice.

reforming the old system and maintaining stability.[25] In this process, political reform thinking began to transition from a closed mindset about policy options to an open mindset about institutional innovation. Building on previous experience of reform, the power elite began to selectively absorb the experience of the outside world and explored what had not been done before. Political reform in China moved forward in a gradual (and sometimes intermittent) manner as the leadership weighed and chose between likely costs and benefits.

It is because of these factors that the process of political reform in China has manifested itself in a wave-like, incremental pattern of boldly pushing what is considered a necessary reform plan at the right time, but then shrinking the scope of reform when progress is made and uncertainties arise, as it waits for the next opportunity. After the 1990s, as a result of increased institutionalization, weakened ideological roles and the intergenerational shift in leadership, there seemed to be some changes in this wave of political reform, making it more difficult to draw the line between "pushing" and "shrinking" by the timeline, as both factors often existed simultaneously. The third generation of leaders preferred the institutionalized, case-by-case approach to the dilemma of political reform and stability, rather than the ideological and political movement approach. They defused the socio-political factors that affected political stability, thus maintaining a sound political environment for reform and continuity in the implementation of reform policies.

3.4 The Current Realities of Gradual Political Reform

There are many inevitable connections between political reform and economic reform in China. This was mainly reflected in the first decade of the reform as economic reforms provided the social material basis for legitimate rule and political reforms paved the way for economic reforms. But China's political reforms have not been limited to promoting economic development, and the issues to be addressed in reality in political reform have changed significantly, especially in the late 1990s. If the political system reform was used mainly to respond to the needs of economic reform and development, the current political reform has largely shifted to address the political and social problems arising from economic reform and social development.

The overriding problem facing China's current political reform is how to build a new basis of legitimacy in the new socio-political and economic environment. Today, after two decades of reform, China's socio-political and economic situations have

[25] Deng Xiaoping stated this basic logic in extremely colloquial terms in 1986. He said: "This issue (the content of the political system reform) is too difficult. Each reform involves a wide range of people and things, is profound, touches the interests of many people, will encounter many obstacles and needs to be approached with caution. We first need to define the scope of the political system reform and figure out where to start. You have to start with one or two things first, you can't do it all at once, it would be a mess. The country is so big and the situation is so complex that reform will not be easy, so decisions must be made carefully, and the decision will be made later when the likelihood of success is greater." See *Selected Works of Deng Xiaoping, Vol. III*, pp. 176–177.

undergone radical changes, which are profound both from a political perspective and from a social and economic perspective. From a political point of view, economic development and political reforms have led to many changes in China's political structure. These changes include: a shift in the political authority of leaders from the former authority of personality to the authority of office; an increasing emphasis in political decision-making on democratic processes and methods, although they are not yet perfect; a weakening of ideological orthodoxy and a weakening of the influence and control of ideology over aspects of social ethics and norms; a shift in the functions of government, and a weakening of the function of political control and social welfare in the workplace, and a weakening of the state's ability to influence and control the sphere of social life. At the socio-economic level, changes in the socio-economic structure include: the transition from an agrarian to an industrial society, with a large agricultural population moving to the cities and an accelerated process of urbanization (an average of 1% of the population has transformed from agricultural to non-agricultural every year in the past two decades); the transition from a directive planned economy to a modern market economy is almost complete; and the socio-economic development and the imbalance in its development have brought about changes in the structure of social interests.

Under the planned economic system of public ownership of the means of production, the state controlled almost all social resources and distributive power, and the social interest structure was relatively homogeneous. Through reforms, new policies recognize the legitimacy and rationality of individual interests, and the social interest structure has thus gradually diversified or divided. The plurality of social interests, on the one hand, has led to the formation of different levels of social classes and interest groups which, consciously or unconsciously, influence the formulation and implementation of public policy in different ways.[26] At the same time, the imbalance in economic and social development has accelerated the polarization and diversification of interests of different social classes. The main group is the middle class, which has benefited from the economic reforms, and the vulnerable groups that have suffered from uneven development (including the 50–60 million rural absolutely poverty-stricken population, the 10–20 million urban poor absolutely poverty-stricken population, including laid-off workers, and about 100 million people from other low-capacity social groups).[27] Plurality in society and the growing gap between the rich and the poor have generated conflicting social interests and demands for broad political participation, thus posing new demands and challenges on political stability and legitimate rule.

Over the past two decades, China has basically ensured political stability, including the stability of the ruling position of the Communist Party, the stability of the basic political system, the stability of the Party's political line and policies, and the basic stability of society. The foundation for stability in all these aspects comes from three main areas: first, sustained and rapid economic growth and improvement in people's living standards; second, manageable political reform has increased the

[26] Li (1999).

[27] Hu Angang, op. cit. p. 59.

actual scope and extent to which political institutions can meet the requirements of sociopolitical participation; and third, the 'suppression' of political dissidents and organized political participation outside the system.[28]

Now, these stable foundations have all begun to emerge with new problems. First, performance-based legitimacy, based on economic growth and improved living standards, has arrived with a certain timeliness and limitations at the same time. It is weakened when economic growth slows down and challenged when economic development creates a large gap between rich and poor. China's economic growth has started to slow down over the past few years, and the economy has weakened. On the one hand, the Chinese government has actively addressed issues of poverty resulting from unbalanced development, and on the other hand, economic reforms, particularly those of state-owned enterprises, have produced a large number of laid-off workers. The inequity of distributive policies and the weakness of redistributive policies have allowed the gap between rich and poor to widen with economic growth. Second, there are still many limitations to the gradual political reforms that China has undertaken. Democratic elections, as a legitimate channel for the expression of public opinion, are conducive to easing political pressure in society, but they remain at the level of villagers' self-governing non-government posts, and elections to the People's Congresses still have many limitations. Channels for the expression of public opinion are still blocked, especially at the grassroots and local governance levels. China has made great achievements in legislation, but there are still many problems in law enforcement. The independence and impartiality of the judiciary bodies have not yet been effectively guaranteed by the system. The long-standing phenomenon of "power over law" is difficult to change, as the Party and government leaders at all levels have actual authority over appointments to their respective courts and procuratorates, and financial allocations to both of them are decided by their respective governments. From media reports in China, it can be seen that at the local and grassroots levels, there are numerous problems with governments and officials "failing to comply with the law", "law enforcement officials breaking the law", "bending the law for personal gain" and "substituting power for law". The problem of corruption in the administration and judiciary has become a very serious political issue in China. Third, the Chinese government is accelerating the pace of economic globalization, and as China's economy becomes increasingly integrated into the Western-dominated international community, its domestic politics are increasingly coming under political pressure from the human rights records of Western countries with different standards. As long as the Chinese government wants to continue to reap international political and economic benefits through its integration into the international community, it will have to tackle this kind of pressure from the international community.

The issue of political reform in China today is how to maintain social justice through policies and measures when the legitimacy of political performance is weakening, and to accelerate the process of reform of democracy and the rule of law and establish the basis of institutional legitimacy. The 15th National Congress of the CPC had put forward tasks and plans in this regard, establishing basic guidelines for

[28] Kang Xiaoguang, op. cit. p. 80.

"developing socialist democratic politics" and "building a socialist state governed by the rule of law", and planning to build a legal system with Chinese characteristics to achieve the political goal of a country governed by the rule of law by 2010. This move to establish democratic governing institutions of rule of law within a defined period of time was met with reactions from scholars at home and abroad who were concerned about China's political development.[29] But the question is whether China can continue to achieve this political goal by the means of gradual political reforms that have lasted for two decades.

3.5 Limits and Institutional Space for Gradual Political Reform

Gradual political reform is the incremental and modest adjustment of the political institution as an external manifestation of the system and of the power structure within it, based on the framework of the current political system. The essence of gradual political reform is the progressive improvement of the system's functions without changing the nature of the basic political foundations. How far this incremental improvement can go depends on three basic variables. The first is the capacity of the current political institutional framework to accommodate the basic political needs arising from changes in the socio-economic structure. The second is the extent to which the political system has the capacity to adjust and improve itself when it is not functioning to meet actual political needs. The third is the total amount of basic political demands arising from the changes in China's socio-economic structure, and what challenges this overall political demand will pose to China's existing political system. Of the three variables, the last one is more scalable and more difficult to formulate qualitatively with the lack of empirical research, and therefore, only the first two variables will be analyzed here.

At the Party's Third Plenary Session of the 12th Central Committee of the CPC in 1984, the CPC made a resolution for the reform of the economic system. A theoretical distinction was made between "system" and "institution": the basic system that determined the nature of socialism was called the "system", while the external manifestation of that system was called the "institution", and it was made clear that the economic reform that was in full swing at the time and the political system reform that would be carried out were in no way a rejection of the basic socialist system, but rather a self-improvement of that system. This conceptual distinction between systems and institutions was very relevant at the time, while also providing the theoretical means for a comparable analysis of the two, by distinguishing between the basic principles of determining the political system and the process of the actual

[29] Ji (1998). See also op. cit. Hu Angang, Kang Xiaoguang, Pan Wei, et al.

functioning of state power.[30] This conceptual instrument has important implications for the analysis of the limits and institutional space for gradual political reform.

China's basic political system was established in the early years of the founding of the PRC, and its concrete manifestation was the constitution adopted in 1954. In the subsequent political process, the 1975 Constitution, the 1978 Constitution and the 1982 Constitution were adopted, and the 1982 Constitution finally standardized China's constitutional system. If viewed from a normative perspective, the main institutional basis for the inclusiveness and accommodation of China's political system can be found in the norms of its constitutional system. According to the Constitution, the fundamental political system of the state is the system of People's Congresses, and all powers of the state belong to the people, who exercise state power through the NPC and local People's Congresses. The basic normative content of this political system consists of two aspects: first, the citizens of the state elect people's representatives at all levels through direct or indirect elections to form national and local People's Congresses; all representatives are accountable to the electorate and subject to their supervision. Secondly, the NPC is the highest organ of state power, exercising legislative power and the right to organize, direct and supervise other state organs. This shows that the system of People's Congresses includes elements of modern democratic political systems such as the principle of 'sovereignty by the people', an electoral system, a representative system, the principle of the supremacy of the legislative power, and a cabinet system. In addition, Section II of the Constitution provides the same political rights to Chinese citizens as in most countries. The Constitution allows the Chinese Communist Party to take the lead in political activities in China. Therefore, the Party's leadership system should also be seen as an important element of the normativity of China's political system. The Party's normative leadership system is based on a few basic principles, which include democratic centralization, the mass line, political consultation and the principle of a state governed by the rule of law.

However, for a variety of reasons, China's actual political functions have in many cases not followed the norms of the basic political system. Some norms may have been followed at certain times, but they were not followed deliberately, systematically and continuously. They were often changed or terminated by a particular event or the will of a leader. Many of the initiatives in China's political reform have been to

[30]In any political system, there will be more or less a difference between the principle provisions of the political system and the actual political functions of the system, a difference observed by the American political scientist Woodrow Wilson as early as 1885, who criticized the disengaged attitude of scholars who study the political system only in terms of constitutional provisions, without paying attention to the actual functioning of the constitutional system. Chinese scholars also tend to divide themselves, consciously or unconsciously, into two schools of thought when studying Chinese politics: the institutional school, which focuses on the institutional structure of Chinese politics in terms of uninteresting institutional norms, paying less attention to political realities that are less compatible with the system but far more colorful than its manifestations; and the realist school, which focuses on describing fascinating political realities but pays less attention to the basis of institutional legitimacy provided by institutional norms. Recently, scholars have noted the problem of the gap between the system and reality and have begun to describe the process of political operations in China by comparing the two perspectives, e.g., Hu (1998).

bring those political functioning institutions that are far removed closer to basic norms through incremental reforms, or to bring system norms to concrete, operational levels through the creation of new functioning institutions. There is still a considerable gap between the norms of China's political system and the actual political functions of the system, although this gap is narrowing. On the other hand, however, it can be argued that the large gap between the norms of the current political system and the actual political functions provides considerable institutional space for the legitimacy of China's gradual political reform.

Theories of political development generally view political institutionalization as an important sign of a modern society and that institutionalization provides the basis for political stability and political predictability.[31] However, from the empirical point of view of institutional reform, this certainty may not hold. Comparing China's reforms with those of the former Soviet Union, China's reforms started with a very low level of institutionalization, whereas the former Soviet Union was already quite institutionalized at the time of its reforms. However, it turns out that China's reforms have remained stable and predictable at each stage, while those of the former Soviet Union ended in political collapse and subsequent major economic setbacks. It is precisely because China's political system is less institutionalized than that of the former Soviet Union that it has enjoyed considerable flexibility, which in turn has provided China's reform leaders with the possibility of implementing progressive reforms. The low institutionalization, which in theory was seen as a weakness of modernization, has instead proved to be a strength to undertake low-cost incremental reforms in the on-the-ground experience of transforming institutions.[32] Although two decades of political reform in China have led to great improvements in the institutionalization of the political system, the task is far from complete. Moreover, as a result of incremental reforms, political institutions that have become more institutionalized have the organizational memory to accept incremental reforms and the capacity to adapt to them, stimulated by continuous change.

Political change towards democracy and the rule of law in China is more likely to be achieved through gradual reform. Specifically, China's current political system still has much room to accommodate the political demands arising from changes in

[31] Huntington (1989).

[32] A study of China's economic reforms, completed in 1993 by American scholar Susan L. Shirk, provides a good example. At the beginning of the study she determined that China's reforms would not be more successful than those of the former Soviet Union, because China's reforms were less thorough, and the former Soviet Union's reforms were more thorough. But when she completed fieldwork and dug deeper into research, she found that the truth was the opposite of what she had judged when she started. This was because reform in the former Soviet Union began on the basis of a very high degree of institutionalization (on this point, Huntington had argued that the former Soviet Union was as modern as the United States), so that the political system in reform also showed a great rigidity, and the promoters of the reform had to mobilize forces outside the system to achieve its objectives. The result was a loss of political control and economic reform failure. China's reforms, on the other hand, began with a very low degree of institutionalization, with the political system showing greater flexibility. China's reform leaders have made clever use of this flexibility, driving reforms through incremental efforts, sometimes contrary to the principle of economic efficiency. See Shirk (1993).

the socio-economic structure. The political system also remains fairly flexible. For example, the multi-party cooperation system under the Chinese Communist Party still leaves a lot of space for absorbing non-Party political forces. The system of People's Congresses still has a lot of space for development in terms of reflecting public opinion, exercising legislative power and monitoring the behavior of government and its officials. The principle of "a state governed by the rule of law" put forward at the 15th National Congress of the CPC can also be seen in the Party's determination to establish institutional legitimacy and its flexibility in the way it governs the country. In addition, the Chinese government and its leaders have shown adaptability and pragmatism in their dealings with the West, and under the pressure of a Western set of values. Thus, it can be said that as long as the five basic conditions for gradual political reform mentioned earlier are working at the same time, gradual political reform may continue within the framework of a regulated political system until the reform objectives are achieved.

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Chapter 4
Political Reform Policy: Goal-Setting and the Choice of the Tactics

The choice of the goals in political reform and the design of policy options are made with different purposes and considerations in mind. The policy selection process is filled with political interactions and games between the parties. However, the legitimacy, influence and authority possessed by all parties cannot be equal. The dominant party often can take advantage of superior political resources to lead the direction of political reform, to decide on the choice of reform policies, and translate their policy preferences and realistic political needs into substantive policies and actions. In China's current constitution system, the Chinese Communist Party is the only legitimate ruling party and is therefore in a position of leadership in the political life of the country. The party's political line and guiding ideology play a leading role in the political development of the country. In the on-the-ground operation of the political system, the Party's central leadership is in fact the dominant head of the political reform process from beginning to end. In order to safeguard the long-term peace and stability of the country and the steady implementation of reform policy, the central leadership has explored and chosen a top-down progressive step by step political reform, under the conditions of many uncertainties in the reform.

The initial impetus and goal setting of China's political reform play an important role in the policy choice of reform. The source of the reform drives decides the setting of the reform goals. Goal setting solidifies the standards of the policy choice, and then, the contents of the policy choice. The driving forces that influence the setting of political reform goals come from different levels of society and from various actors. Analyzing the status and interdependence of these factors and actors in reform policy choices can help us understand the political logic and causation that may exist in the political reform policy process.

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4.1 The Relationship Among the Three Variables in the Policy Choice of Political Reform

The choice of political reform policy involves all aspects of interest, with many factors affecting the choice of policy, including political leadership, government bureaucratic organizations and social interest groups. They all have an important influence on policy choices. If China analyzes the major variables, interactive relationships and behavioral characteristics in the process of policy choice, as well as the formulation and implementation of the reform policies, there are two inter-related basic issues that need to be clarified first. These two basic issues are of great significance to our analysis and discussion of the actual operation and basic characteristics of the political system reform. The first question is whether the realistic goal of political reform in China is determined by socio-economic factors, government bureaucracy factors, or consensus among the political leadership. Among the social and economic interest groups, government departments, and various levels of bureaucratic leadership, who plays the most decisive role in this interactive process of policy choice? The second question relates to the purpose of political reform, i.e., whether it is democracy and the rule of law as the target values, economic development with a priority for efficiency, or the steady development of social politics. Which purpose is the most fundamental among political reform policy choices? The purpose of political reform is the expected result to be achieved by political reform. It is the basic starting point for policymakers in making policy choices. It largely determines the direction and content of the reform policy choices. The purpose of political reform is generally determined by the political groups and political forces that play a decisive role in the policy process because only the political forces with the authority to formulate policies and promote the implementation of policies can become substantive.

Undeniably, the factors that influence the realistic goal of political reform in China come from different aspects. Socioeconomic or social interest groups' preferences, political operating systems or departmental preferences, and political leaders' guiding ideology and consensus all have an impact on the choice of political reform goals. However, they affect the choices of political reform goals at different levels and to varying degrees. Some of these effects are push-based, some obstruction-based, others are deterministic and interact with each other in some other kind of sequence. The following section provides an analysis of these three groups of variables.

In general, socio-economic factors, as part of the political system's external environment, play a catalytic role in public policymaking. Many American social centrist theorists think that public policy is a product of conflicts among groups with different interests and aspirations in society. One of the main causes of the conflicts is economic activities, but economic and social factors can hardly be separated. When good relations among social groups are broken or changed because of economic change and development, disadvantaged groups who think their interests are harmed will ask the government to take actions to protect their interests or establish social fairness. In this process, socio-economic factors have a greater impact on policy than political ones. In other words, economic development determines the political

system and the output of policy. The vast majority of connections between the characteristics of the political system and the output of the policy can be attributed to the economic impact.[1] However, most of these analyses are based on the premise that the political system is performing well and is relatively stable. The premise assumes that the problems arising from changes in social and economic development exist only at the socio-economic level. A sound political system can respond well and solve social and economic problems through the formulation of public policies. At the same time, the main basis for social centrists is assumptions based on the theory of social constraints in positivist democratic theory. These assumptions suggest that the power of political elites and government officials depends heavily on the support of society, as members of society and groups control large amounts of political resources. Public policy is therefore seen as a response to the expectations, demands and pressures of social groups that have the most of the effective resources. The state, including political officials and government officials, is only a weak entity. The different policy preferences and autonomy of different national and social policies are often overlooked or underestimated.[2] However, when the political system is running poorly and in an unstable period of change, such fully rationalized decisions are in fact largely governed by the characteristics of the current political system and the interest group of layers of bureaucracy.

The political system consists of political organizations and government institutions and bureaucrats in these organizations and institutions. As endogenous factors in the political system, the political system and bureaucracy in the political system play a restrictive role in the formulation of political reform policies. When socio-economic problems arise and require the political system to take policy actions, the political system may not be able to take effective actions because of the organizational structure itself. The reasons why the effective action cannot be taken can come from two aspects. First, the political system itself poses various organizational drawbacks, such as bloated institutions, over-centralized power, bureaucracy, lack of administrative capacity and so on. Regarding the second aspect, bureaucratic bureaucrats have their own interests, values and power bases, and make policy choices in the formulation and implementation of policies and influence the results of the implementation of policies so as to achieve personal gain. Both of these causes can lead to the failure of socio-economic policies, rendering socio-economic problems unsolvable and rising to the level of political issues. Under such circumstances, the political system itself will become the object of political reform. Political reform policies differ from general social and economic policies. Socio-economic policies involve the interests of different groups or classes in social and economic activities and do not directly target bureaucratic structures in party and government institutions. In the case of complete rational decision-making, the goal of the social economic policy should be set based on the causes of social and economic problems and to formulate appropriate policy measures, in order to solve social and economic problems, and resolve social conflicts. In the policy process of effectively solving social and economic problems and

[1] Anderson (1990).

[2] Nordlinger (1981), p. 60.

resolving social conflicts, political elites and bureaucracies can stand on their own. Political reform policy is not the same. Its policy objectives are generally aimed at the disadvantages of the current political system. Through the power allocation patterns within the system and the adjustment of organizational structure, the effectiveness of political system operations can be improved. The political system, especially the bureaucratic system in the Party and government institutions, has become the main target of political reform.

Thus, any political reform whose spearhead points to varying degrees to the political and bureaucratic malpractices and their vested interests will therefore be boycotted by the political operating system and the bureaucracy. This boycott can be seen from two dimensions. First, bureaucratic agencies can influence the formulation of political reform policies through their institutional power. This kind of institutional power comes from two aspects. First, the bureaucracy controls policy information. Policy decisions for political reform require decision-makers to have policy information on relevant issues, and a large amount of this policy information is collected, processed and delivered through bureaucratic hierarchies (even more so under authoritarian regimes). Bureaucrats and bureaucracies can influence or guide the outcome of decision-making through the selection of policy information of relevant topics, so that the policy of political reform can help maintain their own interests, or at least do not suffer great loss. Second, bureaucratic agencies are involved in politics. In any political system, the bureaucracy is not a mere administrative executive body. All of them control certain political resources and thus influence political decision-making. In the real political system, there is a special reciprocal accountability between the bureaucracy, local leaders, and the highest central leadership.[3] Bureaucratic agencies and local leaders can, through their relative autonomy in the political system (such as the principle of separation between Party and government), and political resources (such as the voting rights of central agencies and local leaders in the Central Committee and their networks), bargain with the policy-makers (political leaders) on the specific contents of political reform, safeguarding their vested interests as much as possible. In addition, bureaucratic resistance against political reform can also be reflected at the policy implementation level. Bureaucracies monopolize the vast majority of administrative resources. Policy implementation can fail or have negative effects through boycotting strategies during policy execution.

Political leaders not only are important initiators of political reform, but are also the ultimate decision-makers in the political reform policy process. They are the decisive factors that determine the goals and tactics of political reform. In China, political leadership often has a decisive role in making major decisions because of the accumulated concentration of political and administrative power over a long period of time. From the history after the founding of New China, almost all political, economic and social issues have been handled by a highly centralized and hierarchical political system. All major social, political and economic changes are also based on changes in the Party's policies. Under the premise of a highly centralized political system, the changes of the Party's policies are thus closely related to the policy

[3] Shirk (1993).

choices of the leaders within the Party. The understanding of top political leaders over the problems of socio-economic issues and the political system, as well as the demand for actual politics, has become important bases for their political choices and actions. The political choices and actions of political leaders in turn affect the content and process of political system reform. For example, facing the political demands of social interest groups, political leaders may choose a radical reform method to solve the problems that exist in the political, social and economic systems in a short term, as a way to maintain the stability of the political system and the power monopoly of the Party. Alternatively, the leaders may adopt a gradual approach to political reform to ease the stubborn protests from the bureaucracy and ensure the smooth deployment of political reforms. These different choices come mainly from the political leaders' perception of the problems they face, as well as the real political needs. Socio-economic drivers and bureaucratic impediments can only have an authoritative impact on policy choices through their own perception and judgment.

Among the three groups of variables, the guiding ideology and policy consensus of the political leadership are crucial to the choice of political reform targets, in particular when the bureaucratic system lacks sufficient institutional response to the demands of socio-economic interest groups, and even more so when there is also a lack of system of effectively integrating interests and institutional protection of systematic participation in the policy process. In general, the political leaders' demands for the goal of political reform are to address the political pressures and crises that arise from social and economic problems, to ensure that the political system can sustainably authorize the distribution of social values, and safeguard the stability of the regime and the leadership's political authority. From the perspective of the policy process, China's political reform is a process of continuous policy choices, and the main carrier of policy choice is the Party's leaders and leadership. This is due to the fact that in highly centralized and highly hierarchical political structures, political leaders have a high degree of autonomy in making major decisions and making policy choices.

Social groups with different interest demands cannot have a significant impact on the country's macroscopic policies in the early stages of the reform. Even after the 1990s, structural changes of the society gave birth to new types of social interest groups. However, the influence of these various interest groups on public policy is still limited. Its main influence is limited to the specific polices of local governments at the social and economic policy level.[4] Although civil society theory once had many followers, the application of this research approach for discussing the issue of China's political reform from a macro-level perspective of state-society relations seems to have no explanatory power on the choice of realistic policies. Even from a

[4]According to the investigation and research made by two relevant scholars to varying degrees such impact has been manifested in the appointment and dismissal of unimportant officials of local governments; the public investment in local governments; the distribution of local government financial funds; the fiscal revenue of local governments; and the formulation of local government policies and regulations. Moreover, many of the ways and means that were adopted are illegal and unlawful. See Cheng et al. (2003).

national-social macro-level, the policy choice and policy implementation may ultimately reflect as the exchange of benefits and the redistribution of interests to a certain extent between the state and society and social groups. However, this does not mean that the overly general concept of state-society relations is enough to explain the operational characteristics of China's political reform. Abstract national willpower is not sufficient for making concrete decisions. The so-called will of the state can only be embodied in the state institutions and policy choices of the political leaders and officials serving in state institutions. The community with scattered or even conflicting interests can affect the realization of the concept of a decision-making body through the effective interest integration mechanisms, though many institutional prerequisites are required. Even in the so-called liberal democratic countries with diversified decision-making power in public policy, the influence of social forces on public policies in the country has also been questioned by some Western scholars.[5] In the authoritarian policy process, this situation seldom occurs. In some specific public policy decisions in China, some influential special interest groups in society may exert some influence on government decision-making. However, the influence is fragmented, unsystematic and unstable, and cannot be regarded as sufficiently important factors to consider (at least in the first decade of reform). Therefore, the view that the interest demands of social interest groups or civil society can fundamentally influence the purpose and direction of political reform is too naïve in the context of China's political reform.

Constraints to bureaucracy are important factors that political leaders must consider when choosing political reform policies. The bureaucratic system and political operation system are not only the main targets of political reform. They are also the organizational force that political leaders must rely on to promote sound political reform. This dual role of the bureaucracy and the political system in political reform forces political leaders to consider their political tactics and necessary compromises in the process of policy choices in order to secure sufficient political support within the system, and to ensure the smooth implementation of political reforms. Winning adequate political support through skilled political tactics and tools in the complicated game of interest is an essential personal condition for mature leaders of political reform. This is the case in both Western-style democracies and authoritarian institutions. However, in the authoritarian political system, political leaders have more power resources and organizational means to strengthen their authority to restrict the bureaucratic system's resistance to political reform.

[5]For example, the American scholar Nordlinger once classified the relations between democratic countries and social policy intentions into three types: disagreement, partial disagreement and complete disagreement. He believes that in any case, the state can use its administrative means and political tactics to transform one's own will into authority. The author details the means and tactics that countries can take in the three types of relations. See Nordlinger (1981).

4.2 The Setting of Political Reform Goals and Tactics

The political system reform in China since 1978 has been a top-down process of political change. The 20-year reform process has shaped the unique model of gradual political reform in China. Regardless of whether people agree with this model of reform, gradual political reform has brought about tremendous changes in China's political and government operating system. The political reforms are mainly carried out under the advocacy and promotion of political leaders. The leaders' ideas on political reform have established the basic principles and limits for China's political reform and have had a major and profound impact on the content and process of the reform policy. To sum up, these ideas include basic guiding principles set forth for political reform, the relationship between political and economic reforms, the basic contents of political reform, and the tactics and methods for promoting political reform. The reform strategy of "crossing the river by feeling the stones" has provided a simple and practical epistemological and methodological tool for China's complicated and difficult political reforms. It has also produced substantive changes in forming a gradual political reform model and the continuation of gradual political reforms has had a real impact.

A common view holds that China's political reform has always lacked a clear goal and guiding theory. However, it can be stated with certainty that China's political reform has never lacked clear basic principles, specific tasks and motivation for its implementation. The basic principles and specific tasks of reform are mainly determined by the leadership of the reform of the central government, based on its own political ideas and the needs of the political reality inside the country. The driving force for reform comes from the realistic efforts of Party and government leaders at the central and local levels to resolve the urgent political problems they face. To the leaders of the reform, the political reform in China is first and foremost a reform of the political system. The ultimate goal of reforming the political system is to create a higher and more substantive political system than the capitalist countries. The reform is not based on the democratic system of Western capitalism. The frame of reference is based on China's actual political needs. In other words, the reform of the political system is not to establish the mechanism of universal suffrage, a multiparty system and checks and balances of separation of powers among three branches in the Western sense. Instead, China should make the most of the existing constitutional system without changing the basic nature of the existing political system continuously adjusting the political operation system. By reforming the existing system so that it can be gradually perfected, China can eventually "give full play to people's democracy and ensure that all people truly enjoy the power to administer the country through various effective forms, especially the management of grass-roots local governments and various enterprises, enjoy various civil rights."[6] At the same time, to fully develop people's democracy means to greatly mobilize the enthusiasm of the people. As for how various forms of democracy are practiced, China must look at the actual situation in the country.

[6] *Selected Works of Deng Xiaoping,* Vol. 2, p. 322.

Second, reform of the political system is closely linked to reform of the economic system. However, reform of the political system is more than an accessory to economic reform. According to Deng Xiaoping's mentality, the political system reform must adapt to the development of economic system reform so that it can guarantee results in economic structural reform. However, China's political reform is not only aimed at meeting the needs of economic development, but is also an important means of legitimizing the country's political system, political structure and policies. Some scholars (especially some economists) emphasize Deng Xiaoping's discourse on the importance of political reform to economic reform and neglect his argument about the political reform and the legitimacy of political system. They believe that the purpose of political reform is mainly to solve the problem of the political system lags behind the economic system reform so as to ensure the rapid economic growth.[7] This kind of thinking, which is sympathetic to the necessity of political reform solely based on the needs of economic development, is too one-sided. In fact, legitimacy of the political system has always been Deng Xiaoping's concern. He believes that "to assess whether a country's political system, political structure and policies are correct, the three key points are as follows: The first is to see if the political situation in the country is stable. The second is whether China can afford to enhance people's unity and improve people's lives. And the third is to see if productivity can be continuously developed."[8] Relatedly, Deng Xiaoping proposed three levels of political reform: at the political system level (referring to the system of political operations under the established political system, concretized by the Party's "Resolution on Economic System Reform" in 1984), political structure level, and policy level. The actual purpose of political reform is to obtain the legitimacy of the political system, the rationality of the political structure, and the legitimacy of the policy. The test of these should not be based on some kind of romantic political or ideological values, but should be based on objective and concrete practical results (political stability, the improvement of people's living standards, and economic productivity development) as measures.

Third, political system reform should address the specific issues that are faced; strategies and methods in particular should be emphasized. The specific tasks of political system reform include five basic aspects: (1) to strengthen and improve the leadership of the Party and to rationalize the relationship between the Party and the government; (2) to establish and perfect the socialist democratic system and the legal system, and to consolidate and develop the system of the National People's Congress; (3) to establish a legalized, standardized and procedural government management system (including the cadre and personnel management system); (4) streamline institutions to overcome bureaucracy and improve the level of government administration; (5) adjust the relations between central and local governments and mobilize the enthusiasm of local and grassroots units. Deng Xiaoping's thoughts on political system reform embodied his profound understanding of the problems facing China's political development and government management. The specific content of

[7] See Hu (1999).

[8] *Selected Works of Deng Xiaoping,* Vol. 3, p. 213.

reform is what he believed must be taken into consideration in order to solve these problems. At the same time, Deng Xiaoping also fully understood the difficulties that China's political reforms would encounter. He first realized that reform would involve the interests of many people and would involve the redistribution of the power of many Party and government organs. This would create many obstacles as a result. In addition, the implementation of political reform will involve many complicated issues and will often require the vitality of the entire machinery. Therefore, any reform program could bring uncertain consequences and all approaches need to be used cautiously. In other words, attention should be paid to strategy of deciding the time, specific steps and scope of reform.[9]

Fourthly, in the face of various uncertainties in the political reform, it should be gradual. China's political reform has not been guided by a certain established theory from the very beginning. Since the leadership with Deng Xiaoping as its core adhered to a pragmatic approach to reform, reform was thus carried out by a gradual model that offered solutions (i.e., policies) to specific problems and allowed them to constantly debug established policies in practice. Essentially, the characteristics of China's political system reform are the same as those of its economic reform, i.e., "crossing the river by feeling the stones" "one step at a time."[10]

"Crossing the river by feeling the stones" has great practical significance in China's reform strategy. The so-called "crossing the river" indicates that many uncertain factors may be encountered during the reform process. These uncertain factors may be overshadowed by the superficial phenomena that can have disastrous consequences if not handled properly. "Feeling the stones" reflects a way of dealing with uncertainty. The "stones" refer to the objective reality. "Feeling the stones" means that any reform policies and measures should be based on objective facts, and based on the results of practice and understanding of objective facts. The country should formulate and choose reform policy by excluding as much as possible the possibility of the occurrence of deviations and mutations in a specific policy. "Crossing the river by feeling the stones" also contains the idea of a gradual process of policy selection. China's political reform is a deep-seated reform of existing specific political operation systems without fundamentally changing the existing political system. Due to the influence of many factors, such as the degree of perfection of the existing political system, the degree of social and economic structural changes, and the degree of the

[9] *Selected Works of Deng Xiaoping,* Vol. 3, pp. 176–177.

[10] The saying "crossing the river by feeling the stones" came from Chen Yun and was affirmed by Deng Xiaoping. When discussing the principles and methods of reform and opening up, Chen Yun pointed out at the Central Work Conference on December 16th, 1980: "China want reform but the pace must be stable. Because of our reform, the problems are complicated and China cannot demand too much. Aside from relying on certain theoretical research, economic statistics and economic forecasting, it is even more important to start with a pilot and summarize experiences at any time, that is, to 'cross the river by feeling the stones'. At the beginning, the steps should be smaller and reform should move slowly." (See *Collected Works of Chen Yun,* Vol. 3, p. 279). At the closing ceremony on December 25th, Deng Xiaoping made it clear that he fully agreed with Chen Yun's speech. He pointed out that Chen Yun's speech "on a series of issues correctly summed up the lessons learned from our economic work from the last 31 years, and this is the long-term guideline for our future." (See *Selected Works of Deng Xiaoping*, Vol. 2, p. 354.)

redistribution of power interests, there are bound to be many uncertainties that affect the success or failure of reform during the reform process. In the short run, radical reform may have to pay high cost or even lead to its ultimate failure. Taking these factors into consideration, it is prudent to take a long-term, gradual approach to reform in response to uncertainties. This has therefore made China's political reform a gradual process of policy choice. "Crossing the river by feeling the stones" is embodied here as follows: Every step of the entire reform process must be very cautious. In an uncertain and adventurous process of reform, China should always be cautious and avoid blind actions into situations from which China cannot extricate. If China interpret this model with the normative formulation of rational decision-making, China can say that "crossing the river by feeling the stones" means—under limited known conditions, without an understanding of the consequences of the reform, make limited and steady decisions based on its realistic goals, and keep room for existing decision-making adjustments. This decision is continuous. When the result of the current decision is basically clear, the latter decision amends and supplements the content of the previous decision so as to avoid the high reform costs and risks brought by blind decision-making.

The idea of "crossing the river by feeling the stones" reflects the desire of the Chinese reform leadership to always maintain control over the reform process and the results of the reform. In order to realize this aspiration, it is necessary to make the best possible prediction of the various uncertainties that exist in the process of reform, to continuously improve the institutional awareness of identifying and handling temporary and transitional information, and to improve emergency response by reacting promptly and make timely adjustments to the established policies that produce bad results. The above three requirements have greatly promoted the development of social sciences in China, especially policy science. At the same time, the research work of social scientists has been taken more seriously. The status of social scientists has greatly improved. From an epistemological point of view, what is more important is that the idea of "crossing the river by feeling the stones" no longer regards development and evolution as the inevitable result of a particular law. However, there is acknowledgement that uncertain factors are often encountered in the process of reform, and therefore, acknowledgement of the need to constantly explore and make sound choices remains. The so-called subjective reasoning identified in the past is no longer preferred, and instrumental rationality has been raised to an important position. Advocacy of "practice as the sole criterion for testing truth" means that the blind obedience and the arbitrariness that may arise from subjective rationality can be replaced by the prudence and pragmatism arise from instrumental rationality. In this sense, "crossing the river by feeling the stones" is itself a learning method that enables leaders, practitioners, and the public to continuously learn from this process and to improve the understanding and judgment of the objective facts and make consensus based on the "practice of testing truth".

In addition, the "crossing the river by feeling the stones" approach also provides an objective test for the policy choice of political reform. According to this criterion, whether the implementation and progress of the reform policy plan is feasible and achievable is mainly based on the actual results of experiments in political system

reform. Furthermore, it tests whether a certain reform program should be continued or terminated; whether the established policies should be adjusted; whether solutions to the problems should be feasible and effective, the conclusions of all these issues should be examined and tested based on specific policy consequences. It is precisely in the application of this method that China's political system reform is moving with caution and has achieved sustained results. All along, scholars both at home and abroad have constantly criticized the cautious and slow development of China's political reform. Most of these critics advocate that the reform should have a definitive goal. It should be guided by macro-level theories, or trust too much in the overall design of macro-reform programs by the intellectual elite. However, it is undeniable that these macroscopic theories and holistic programs are likely to become traps of reform (e.g., reform syndromes or political disorder) due to the paucity of existing theories and the limitations of relevant knowledge. China's political restructuring is a gradual transformation from one political management system to another. It cannot be accomplished through the one-time design and the implementation of this design of social scientists. More importantly, the reform involves the transformation of the old man-made order and the establishment of a new man-made order that is essentially different from simply changing and re-establishing the purely natural order. Social scientists face more complex issues than natural scientists do, and any bold and arrogant assumption of quick success may contain fallacies and pitfalls that may lead to irreparable disaster. It is precisely because China's political reform policies are continually evaluated and tested and constantly revised and adjusted under the guidance of the "crossing the river by feeling the stones" methodology, that the possibility of reform falling into the trap has been reduced. It is precisely because of the consideration of these factors that China's political reform process appears to be a wave-like, gradual model of boldly advancing reforms deemed necessary at the right time, but contracting as instability emerges, adjusting the scope and content of the reform policy, and wait for the next opportunity. The application of this method has ensured an effective balance between succession and change in the reform process, and also guaranteed the continuation of the reform.[11]

From an epistemological point of view, the "crossing the river by feeling the stones" approach allows for acknowledging the objective truth through practical learning, it is essentially a method that helps improve the fundamentals of innovation and introducing a new system into policy choice and formulation. This approach is of particular importance where there is a lack of sufficient knowledge and understanding of the reform outcome, an ambiguous direction for reform, and lack of effective theoretical guidance. In the overall process of political system reform, policy choice is inevitably affected by different ideologies and influenced to varying degrees by the subjective tendencies of individuals and groups participating in the process of policy selection. When the orthodox idea dominated by the orthodox ideology still prevails in China's decision-making process at the same time the new ideologies and values expand its influence, formal conflicts between old and new ideas and theoretical challenges between them often escalate politics to confrontation, thereby increasing

[11] Xu (2000), footnote 22.

the risk costs posed by political reform. Political confrontation escalation will also inhibit the opportunities and incentives for institutional innovation. Escalated confrontation will eventually lead one side to seek ideological or political correctness to suppress the other, making the policy issue an ideological or political issue. Ideological and political repression will seriously undermine enthusiasm for innovation. The method of "crossing the river by feeling the stones" effectively relieves the escalation of political conflicts because it dilutes the importance of ideology to policy choices, emphasizing the practicality and feasibility of specific policies, and replaces the ideological debate with policy debates. The debate is based on the evidence of the policy test rather than the correct ideology. The correctness of facts rather than the correctness of politics has become the right test for testing reform policy. This standard makes it easy to reach an agreement on the choice of specific policies for a given period without damaging the innovative motives of the two parties in the next round of debate because the outcome of the debate is defined only at the level of policy choices so that harsh methods in the political system are rendered useless. This will ensure that both parties can still formulate their own policy opinions and ideas on the basis of equality and objective criteria in the next round of policy debates. At the same time, this makes their own policy opinions and ideas less detrimental to prejudice, ideological commitments and limitations of knowledge and make decisions in a matter-of-fact manner, to the best of their ability.

It should be pointed out that the method of "crossing the river by feeling the stones" also has its own limitations and defects of the decision-making system. First, because the choice of reform policy relies on the results of policy experiments within a short period of time, and policy experiments provide only small-scale alternatives and limited policy information, there are constraints in the experience provided by policy experimentation. Such constraints may delay the resolution of problems or trigger new problems, creating new difficulties for the next step of reform. Second, in China's current policy decision-making process, leaders' policy preferences and value trends still play an important role in policy choice. Some important policy research institutions are still dependent on specific leaders or are attached to specific important decision-making department. Therefore, when a reform policy plan is in line with the intention of an authoritative leader or the interests of a specific decision-making department, and is supported by the leader or the department, the policy experiment process that is carried out will often be artificially attached some favorable conditions to ensure the success of the pilot. The results of such pilots may not have universal value, and the promotion of their policies can have bad results and lead to policy failures.

However, the limitations of the "crossing the river by feeling the stones" methodology and their shortcomings in the application of the current decision-making system can be avoided to a considerable degree. The objective existence of these limitations and defects do not prove the inherent failure of the methodology. The bounded rationality theory confirms that sufficient information conditions required by the theory of rational decision-making do not exist in the actual decision-making process, especially in the case of timely decision-making. When China cannot get enough information and there is no previous mature experience to learn from, the method of

"crossing the river by feeling the stones" is still the second-best solution to pressing problems. Since reform is carried out on a gradual and continuous adjustment basis, this method itself contains a trial and error function. Once an error is found, it can be easily remedied and adjusted. Therefore, it will not bring serious consequences to the entire reform process. In addition, by increasing the scientific level of research on policy issues and the forecasting ability of social science research, as well as increasing investment in the study of policy issues, the constraints posed by limited policy information on policy choice can be reduced. The problems that exist in the current "decision-making system" of "crossing the river by feeling the stones" actually extends from problems in the current decision-making system and can only be solved through reforming the existing decision-making system. That is to say, misled and failed policies caused by the involvement of political factors in policy experiments will actually create the demand of reforming the current decision-making system and reduce its harm by setting objective conditions and scientific decision-making procedures. The reform of the leadership system put forward by Deng Xiaoping in the 1980s represented the beginning of efforts in this area. The deepening of this reform will surely provide a broader space and more favorable conditions for the gradual political reform based on "crossing the river by feeling the stones".

Reviewing the experience of China's political restructuring over the past 20 years, the actual operation of the reform is, above all, a continual process of policy choices. Due to the complexity and uncertainty of China's political system reform, at every stage of the reform or for each specific issue, there will be the problem of how to make reform policy choices. From the perspective of transforming the political system, the smooth progress of political system reform depends to a large extent on two capacities. The first is institutional innovation capacity, and the second is the ability to deal with uncertainties in the process of reform. Due to the pressure exerted by economic reform and social development on the existing leadership and government management system, the political system reform does not lack impetus. However, impetus of reform is not equal to the innovation capability of the reform. The former embodies the requirements of reforming the existing political system in the face of crises and problems, while the latter manifests itself in selecting and implementing new solutions in crisis management and problem-solving tactics in the new policy environment, and always maintaining an incentive for institutional innovation throughout the reform process. However, institutional innovations must be able to cope with uncertainties, and failure to respond to uncertainties can make reform more difficult, ultimately leading to failed reforms. Adherence to conventions because of uncertainty or ideological dominance in policy choices will hinder institutional innovation and stop the reform from moving forward. The methodology of "crossing the river by feeling the stones" has in fact provided a viable epistemological tool for solving the predicament of reform policy choices. The successful application of the instrumental rational method of "crossing the river by feeling the stones" in the process of reform policy selection has ensured the continuous progress of China's gradual reform of the political system.

4.3 Wave-Like Development and the Pre-empted Continuation of Political Reform

The political reform in China, which has lasted for more than 20 years, is basically a process of wave-like development and pre-empted continuation. Wave-like development is characterized by the centralized introduction of reform policies and the promotion of policies during a period of time, followed by the slowdown of implementation or the adjustment of policy content when there are unforeseen results. The alternation between implementation and adjustment of the reform policies has shaped the wave-shaped contours of political reform. The pre-empted continuation shows that implementation of the previous political reform program and its results have actually become the foundation for formulating and implementing the next reform program. Each step in the political reform process is interconnected to establish an entire cycle of reform that is not to be interrupted, so that the results of political reform are likely to end in an effective accumulation of bit-by-bit space-time effects.

Among the most relevant literature of the Party and government, political reform topics are often formulated in terms of concepts related specifically to political system reform. In the early days of the reform, the definition of the term "political system reform" was often vague and its connotation would change from time to time. This ambiguity and change reflected the lack of a clear and consistent theoretical understanding of the nature and direction of political reforms within the Party. The reform is a pragmatic move under the guidance of "seeking truth from facts" and is a constant exploration, guided by the methodology of "crossing the river by feeling the stones", in order to meet the actual political needs of resolving crises while maintaining stability. The ambiguity of the concept of political system reform also reflects the actual needs of political reform operations. After the Third Plenary Session of the 11th CPC Central Committee, political reform had gained basic long-term consensus within the Party. However, during the reform process, political elites often exhibit differing opinions about the specific content and steps of political reform. Therefore, the ambiguity of the concept in the early stages of political system reform provided political elites with the necessary room for maneuvers in ideology and specific programs, as well as the steps and timing of the reform. However, from Deng Xiaoping's era to Jiang Zemin's time, all Chinese leaders have unanimously held the viewpoint that political stability is the basic premise for the smooth progress of reform in China. Without political stability, reform cannot continue and the existing results of the reforms may also be lost. Therefore, maintaining political stability has become an important aspect when leaders consider options, steps and timing of reform. Maintaining political stability has always been the basis for the Chinese leaders in their decision to promote political reform.

The process of China's political reform has at least gone through the efforts of two generations of political leaders and is now being pushed forward by the third generation of leaders. Political reform is inheritable, and the guiding ideology and strategies of the first generation of leaders have always played a unique leading role. The basic policies and tactics that they had identified are still the priority choice

for later generations who have been keen to carry them forward. This characteristic of inherited principles is determined by the unique political structure of China and by the manner and nature of the succession of power in the country. For the first generation of political leaders, the political reform in China was first and foremost a reform of the political system. The ultimate goal of the political system reform was to create a socialist democracy with Chinese characteristics, so as to greatly mobilize the enthusiasm and creativity of the people in the process of national economic construction and social development, and better achieve the national development goals set forth by the central leadership, on the basis of safeguarding the basic political system.

The idea of the political reform held by the first generation of pragmatic reform leadership is based on an understanding of the problems facing the political system at the time. In the early stages of reform, this understanding was basically closed-ended, and its recognition mainly came from subjective experience. The subjective intention of reform was firstly to revert to the political system before the 'Great Cultural Revolution' and to place it into a systematic orbit. At the same time, it was necessary to adjust the distribution of power within the system and relax the excessive control over social politics and ideology. The adjustment of internal power distribution and its institutionalization yielded some results, but they have also been strongly or weakly boycotted by huge bureaucratic interest groups within the system. The easing of political and ideological control led to a more relaxed social and political environment conducive to economic development, but it also incidentally brought about the problem of so-called 'bourgeois liberalization' and the challenge from conservative ideology. Faced with the uncertainty of political reform results and the consideration of political costs, the ideas and actions of political reform continued to select and test its programs within the dilemma of reforming the old system and maintaining stability.[12] In this process, the idea of political reform began from closed-end thinking and policy choices to open-ended thinking and institutional innovation. Based on the reform experience, the leadership began to selectively absorb the experience of the outside world and explore attempts that had not been experienced before. China's political reforms are progressively (and sometimes intermittently) moving forward in the process of the leadership weighing and choosing the costs and benefits that may arise.

It is precisely because of these factors that China's political reform process appears as a wave-like and gradual model of boldly advancing reforms deemed necessary at the right time, but shrinking as reforms move forward with the onset of instability. The scope of the reform would change at this point, waiting for the next right time to arrive. Since the 1990s, with the institutionalization of the political system, the weakening of the role of ideology and the intergenerational transformation of the political leadership, the second generation of reform leaders tended to dissolve the socio-political factors that had an impact on political stability in an institutional and rational way, rather than an ideological and political way. This was done to create opportunities for further reforms, and to foster the political environment for

[12] *Selected Works of Deng Xiaoping*, Vol. III, pp. 167–177.

reform, while maintaining the inheritable and continuous nature of reform policy implementation in the face of dilemmas produced by political reform and instability. In the mid-1990s, in particular, the social environment and problems faced by political reforms had undergone major changes. The further opening up of people's ideologies and the diversification of social and economic structures, as well as new social and political problems brought about by the political and economic reform in the previous period, forced the new reform leadership not only to continue to handle the remaining problems of gradual reform but also stand up to new crises and challenges. These were often intertwined with the remaining old issues, making the task of political reform not only more urgent but also increasingly multifaceted. While inheriting the basic principles and tactics set forth by leaders of the older generation, the new leadership tried to find ways to innovate the guiding ideology of the reform and adjust certain tactics and methods. The formal determination of the important concepts behind the 'Three Represents' at the 16th National People's Congress of the CPC, the proposal and discussion of the CPC's issues on the transformation of the Party's governing style, the legalization and institutional innovation of the government management system had all been continuously promoted. Furthermore, there have been attempts at democratizing the system of selection and appointment of the leading cadres in the Party and government, continuous strengthening control over corruption of Party and government officials, and establishing and perfecting other relevant systems. All of these goals embodied the determination and the will of the reform leadership to continue to promote China's political reform under the new social and political conditions. Compared to the 1980s and the first half of the 1990s, the reform leadership, facing pressure from the international and domestic political factors in this new situation, showed more pragmatism, prudence and rationality in their policy choices and implementation of political reform. They were more open, independent and confident at the same time.

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Chapter 5
Orientation and Policy Choice of the Political System Reform After the 18th National Congress of the CPC

After entering the twenty-first century, China has been experiencing a rapid social-economic transformation and there are major challenges in its ability to govern the country. The proper and firm promotion of the reform of the political structure is an important choice for enhancing the ability of state governance and overcoming transition crises. Judging from the experience of state governance in most transitional societies, political system reform is often accompanied by uncertainty. The transformation towards greater democracy, as directed by the regime change, is now even more fraught with political risk. This is especially the case with democratization driven by major economic and social crises. The ideological debate over the types of basic political systems in the face of major realities in the modernization of the country's governance system and governance capacity does not seem to provide us with any more knowledge and feasible policy proposals. Political system reform has never been carried out independently. It is bound to be influenced by the constraints of the social and economic structure, and consequential changes to that social and economic structure. Actors in the system must not only consider the political impact of these structures and changes, but also consider the uncertainties in the political outcomes that result from reform programs and policies. What can be altered in China's next political reform? This chapter intends to discuss the following issues: Firstly, it examines the demands and logic of China's gradual political system reform from the level of cognitive understanding; second, it discusses how the challenge of state governance in the socio-economic transition crisis determines the fundamental purpose and content of the reform of the political system; third, it discusses the adaptability and contents of democratic reform in the existing system; and fourth, it discusses the contents of relevant reforms that should be promoted in establishing a responsive government system.

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5.1 A Cognitive Understanding of Political System Reform

China's intellectual community has always had a strong tradition of ideology. Ideological arguments are used to confront the issue of whether the political line is correct or not, and whether major issues are right or wrong. Since the reform and opening up, controversy surrounding the reform of China's political structure has never ceased. The main focus of the debate is whether China has had any real political reform at all. What should be altered in the political system reform? And how should China's political reform be promoted? The answers to these questions often differ from one position to another, with different values and positions producing different opinions. For example, "liberal" intellectuals who advocate free constitutionalism take the "enlightenment" of the early anti-authoritarianism in the West as their ideological foundation and believe that the purpose of political system reform is to achieve democratic transition in accordance with the blueprint of the Western political system. Some of their basic ideas and system designs are mainly based on the democratic models of developed countries in the West, including aspects such as freedom of speech, universal suffrage, and checks and balances of power. While there are many statements about principles and concepts, there is a lack of detailed analysis on how to make democracy work in China, in particular there is a lack of research on the localization of democracy and the feasibility of its operation in the ideas of free constitutionalism. However, the "leftist" (including the "New Left") intellectuals who insist on traditional socialism stand firmly opposed to the views and positions of the "liberal" intellectuals, adhering to the superiority of the socialist system and social equality under the overall condition of nationalism. Politically, they prefer to uphold the traditional political system and have even called for the restoration and promotion of some political measures from previous leftist political lines.

However, judging from over 30 years of past experiences in China, the policy choice of political system reform has not been completely influenced by the trend of the above-mentioned strong ideology. Since the reform and opening up, several generations of leaders advocated consciously emancipating their minds and vocalized their contempt for this kind of ideological debate and confrontation. As Deng Xiaoping put forward "no arguing" in the Party in the early 1990s,[1] Hu Jintao proposed that "not wavering, not slacking, not tossing about",[2] as well as "not taking the old road, nor the evil road" in the 18th National Congress of the CPC Political

[1] Deng Xiaoping's 1992 Southern Tour Speech, "China has implemented the guidelines, principles and policies since the Third Plenary Session of the Central Government… China should not engage in controversy—that is one of my inventions—and not arguing is for the sake of securing time." *Selected Works of Deng Xiaoping*, Vol. III, Beijing: People's Publishing House, 2001, p. 374.

[2] Hu Jintao, Speech at the General Assembly Commemorating the 30th Anniversary of the Third Plenary Session of the 11th Central Committee of the Communist Party of China.

Report.[3] The policy choice of China's political reform is more in need of real politics and a choice between pros and cons. In fact, since the 1980s, CPC leaders have consciously carried out the democratization of political life and reform of the state administration under the rule of law, while constantly promoting market-oriented reform of the economic system. Of course, the generations of Chinese leaders have always had a profound understanding of the complexity of political reform and are highly alert to the possible uncertainty of reform. Therefore, the strategic reform of China's political system has embraced a gradual model of progress in order to minimize the political crisis and social risks that may arise from this uncertainty.

Since the reform and opening up, China has experienced three general stages of political reform. The reform of the political system in the 1980s was exploratory. It not only corrected the radical political lines in the era of Mao Zedong and the malpractices of a cult leadership system, such as by restoring the Party's collective leadership and supervision system, adjusting policies and management measures for social control, restoring and strengthening the legislative function of the people's congressional system, and carrying out reforms in separating the Party from the government, separating the government from enterprises and transforming government functions in order to adapt to economic restructuring. After the political crisis of 1989, China entered a period of prudent political restructuring. Democratic reforms were mainly related to self-governance and elections at the village level, followed by expansion of the legislative and supervisory functions of the National People's Congress. In terms of the government management system, reform of the civil service system was introduced, reform of the administration system was made according to the law, and reform of the government system began in the past five years. Since the 16th National Congress of the CPC, political system reform entered a substantive stage of facing the demands of the community, implementing civil rights and establishing a responsible government. Faced with many social problems and conflicts of interest arising from the social transformation process, the CPC has clearly recognized the importance of balanced development of economy and society and put forward the political goal of building a harmonious society based on existing political principles. This goal required national policies to reflect social fairness and justice more than before, and citizens had more convenient means of political participation in expressing their will, and also were protected by a more complete legal system. The government system should be more responsible to society, more efficient in administration, and run the government according to the law while training uncorrupt government officials.

Since the 18th National Congress of the CPC, political system reform has entered a new context. The Party's collective leadership has further strengthened the importance of comprehensively deepening the reform and pushing forward the modernization of the state governing system and governance ability. In deepening the reform of

[3]Full statement in the report of the 18th National Congress of the CPC includes: "China firmly hold high the great banner of socialism with Chinese characteristics and will neither go it alone or embark on the path of changing its banner," See Jintao (2012).

the political system, it has proposed specific tasks for "accelerating the institutionalization and proceduralization of socialist democratic politics and building a country based on socialist rule of law, and developing a broader, more adequate and more sound people's democracy".[4] As the only legitimate ruling party, the Communist Party of China plays an irreplaceable and important force in the reform of China's political system which is based on political stability. How to ensure the advanced nature and self-discipline of the Party is also an important part of political system reform.

5.2 Transformation Crisis and Political System Reform

Deepening political system reform is the inevitable choice for the Party and for a country facing a transition crisis. China's sustained and rapid economic growth, as well as structural changes in its economy and society, have inevitably generated a series of serious social and economic problems, including ecological problems related to natural resources and the environment; the widening of urban-rural and regional economic disparities; the widening of the gap between the rich and the poor; the effect of urbanization on a large floating population and landless rural citizens; and social problems arising from the lag in the social security system and redistributive policies. In particular, the social contradictions and conflicts that have arisen from changes in ideology and the diversification of interests brought about by economic and social transformation have become increasingly serious. China's economic and social transformation has entered deep waters, an area where conflicts are frequent. The large number of crises arising from the economic and social transformation have a direct impact on the security and stability of the economy and society, and even politics. They pose major challenges to the ability of the state to govern.

As for difficulties in the transition crises and state governance in China, scholars both at home and abroad have formed two different arguments of "collapse theory" and "adjustment theory" on the subject of "whether or not the current political system in China has fallen into a crisis of governance". Scholars advocating "collapse theory" believe that the current political system in China lacks the legitimacy of democracy and rule of law, and can hardly cope with the challenges of economic and social changes brought about by the globalization, marketization and rapid economic growth. Although China has carried out "partial reforms", it has already fallen into a "transformation trap", and it may be hard to avoid outcomes similar to the "institutional collapse" of the Soviet Union.[5] Scholars advocating "adjustment theory" do not agree with this "collapse theory". They think that although China faces enormous challenges in the legitimacy of its political power, the CPC and the institutional

[4]The Third Plenary Session of the 18th National Congress of the CPC, "Resolution of the Central Committee of the Communist Party of China on Several Important Issues Concerning the Overall Deepening of Reform" (offprint), Beijing: People's Publishing House, 2013, pp. 3–4.

[5]See Waldron (1995), Finkelstein and Kivlehan (2003), Chang (2001), Pei (2006).

structure of the state still have a considerable degree of self-adjustment adaptability. This is why the CPC can maintain sustained economic growth and political stability.[6] However, some scholars in this group also believe that the current social and economic contradictions are prominent and that reforms and crises are in a "race". Without the vigorous promotion of political restructuring, the possibility of political collapse will increase. At present, the view that the politics and economy are on the brink of collapse is more prevalent among the most active intellectuals in China. Heated debates from both the "left" and the "right" are based on this concern, except that the two sides have an almost entirely diametrical political stance on major political choices of how to avoid the "collapse". However, based on historical experience and reality, both parties over-exaggerate the seriousness of state governance crises and the social conflict over the transition in China.

First of all, the transition crisis is not the same as the crisis of institutions. At present, the problems and crises that China faces share many similarities with historical experiences of industrialization and post-industrialization in developed Western countries. These crises are transitional crises that belong to the category of structural changes in the social economy. There is no direct causal relationship with the form of political system. For example, developed countries in Europe and the United States have gone through two or three hundred years of transition from a traditional agricultural society to an industrialized and now post-industrialized society. During this process, capitalist marketization also produced a large number of class contradictions and fierce social conflicts. Therefore, various socio-economic problems and conflicts in transitional societies are caused by structural changes in socio-economic relations, and are not the products of a specific political system.[7] The democratic political system, with different characteristics in developed Western countries, is the result of promotion of reform and revolution by a certain transition crisis. In Western academia, somber studies have shown that institutional determinism cannot withstand the test of empirical research, and there is no close correlation between economic development and the type of political system that exists in the country.

Second, after the Second World War, the democratization of many countries—including the democratization of socialist countries in the eastern Europe and the Soviet Union—almost did not have any examples that were worthy of imitation. The democratization process in these countries fomented political turmoil for quite some time, and major economic and social problems also emerged. The main reason behind this is the radical reform or change of political power, resulting in a drastic decline or collapse of the state's ability to govern. Therefore, it is very important for transitional societies to maintain the relative stability of the national governance system in the process of political system reform. Whether or not the transition crisis will create a political crisis and collapse of the institutional system depends on whether the political system possesses adaptive and self-adjusting capabilities, whether it can solve practical problems through continuous reform, and enhance state governance abilities.

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[6] See Yang (2004), Laliberte and Lanteigne (2004), Peerenboom (2007).

[7] Xu (2011).

Third, the CPC and its state machinery still maintain considerable control over economic and social conflicts in China. However, the self-adjustment of the state governing system has continued to show considerable flexibility. This ability to adapt has been manifested in the continuously advancing political and economic reform, and the gradual and steady reform strategy. At the same time, China's current constitution and political arrangements still have sufficient institutional space to promote the development of democratic politics. It can adapt to the existing political system in China and to implement the construction of a responsible government.[8] Therefore, it is impossible for any major changes to occur in the political line of China's further political restructuring. Specifically, the objective and content of the next political reform will be the reforms that demand the improvement of state governance abilities, based on the mostly unchanged basic political system, and will continue to promote the democratization of the political system, promote the accountability of government officials at all levels, and to enhance the ability of the political and governmental system to cope with the transition crisis. In terms of reform strategy, China will continue to pursue a system-adapted reform line.

5.3 Adaptive Democratic Reform

Since the reform and opening up, democracy construction has always been an important part of the political system reform. Theoretically speaking, democratic reform should not only adapt to the basic national conditions but also solve practical problems. Successful democratic reforms are all compatible with their national conditions and political goals. The CPC's normative expression of Chinese-style democracy and the prudent promotion of democratic reform not only have the demands of upholding the Party's leadership status but also the mission of safeguarding the steady social and economic development of the country. At the same time, there is vigilance against the high social costs and lessons learned from the political disorder in the democratization and transformation of other countries, especially from democratization in the Soviet Union. Therefore, the democratic reform carried out by the CPC is a democratic reform that is compatible with the existing political system and its basic political concepts. Specifically, adaptive democratic reform, on the basis of upholding the existing basic political system, absorbs the democratic elements and forms that the current political system can accommodate, and expands democratic reforms with orderly political participation. The purpose of reform should be to improve the current political system, enhance the governance capacity for national modernization, and achieve the political concept of good governance and social harmony. After the Third Plenary Session of the 18th CPC Central Committee listed "modernizing the national governance system and governance capacity" as the "general objective of overall deepening reform", the Fourth Plenary Session of the CPC Central Committee made systematic arrangements for a number of major issues to comprehensively

[8] Xu (2000).

promote the principle of governing the country according to law, putting forward the tasks of "adhering to the dominant position of the people", "promoting administration according to law and building a government ruled by law". These efforts show that the Party has reached a new consensus on the goals and relevant contents of deepening political restructuring.

Modernization of the state administration system and governance capacity not only includes the democratic spirit of the people being masters of the country, but also involves feasible institutional arrangements for the effective operation of democratic politics. Historical experience tells us that the establishment and consolidation of the modern democratic system is a complex process of repeated adaptation. Any kind of democratic system that fails to respond to the needs of political participation in a country's social and economic modernization process, while meet the needs of state governance, cannot operate effectively or even survive. Although modern democratic politics have formed some basic principles and institutional forms in their development, the scope of application, the institutional forms and specific operational modes of these principles vary according to national conditions during the process of democratization in various countries. Therefore, a relatively stable democracy is established in the process of democratization and adaptability, and is able to maintain its adaptability to state governance in the face of challenges presented by the transformation.[9]

Most mainstream democratic theories and standards for assessing the quality of democracy currently come from Western literature. Mainstream democratic theory is mostly a mixture of Western liberalism and democracy. The criterion of democratic quality is based on the relevant systems of free competitive elections in the major Western democracies. According to such theoretical explanations and quality standards, there is a difference between democratic practices in non-Western countries and Western democratic politics.[10] For various kinds of democratic practices in non-Western countries, Western scholars are accustomed to generalizing them as "illiberal democracy" to distinguish them from the so-called high-quality forms of democracy in the West.[11] This mainstream democratic theory and the system of evaluation standards for the quality of democracy have, to a certain extent, belittled the attempts and efforts of non-Western countries to pursue the democracy that conforms to their basic national conditions.

Leaving aside the parochial definitions of democratic politics of ideology and free competitive elections, China can summarize the forms of modern democratic practice at the empirical level into three basic aspects: electoral democracy, participatory democracy, and consultative democracy. China can define their functions according to the role of politics in these three forms of democracy. Electoral democracy refers to the regular election of leaders during the change of government and, through a

[9] See Crozier et. al (1990), Xu (2001).

[10] For the criteria and assessment of the quality of democracy, see Levitsky and Way (2002), Diamond and Morlino (2005).

[11] For evaluation of Asian democracies, see Bell et al. (1995), Huntington (1993). See O'Neil (2010), Zakaria (1997), Plattner (1998).

range of votes from citizens, leaders or government officials are elected with a certain term from qualified candidates. The function of this form of democracy should be to solve the problem of public opinion base and the ability to govern in the process of selecting the leaders. Participatory democracy refers to citizens' expressions of opinion on the routine operation of the government. Its function should be to solve the public's dissatisfaction with the implementation of specific policies and misconduct by officials in the realm of public policy. Consultative democracy refers to the social organizations or interest groups participating in the decision-making process of government departments. Its function should be to solve the problem of coordinating varying interests from all parties throughout the process of government policy-making. If China take the substantive functions of modern democracy at such a level, it becomes easier to understand the progress that has been made and the existing problems in China's adaptive democracy. It should be said that since the reform and opening up, all three forms of democracy have been promoted and implemented in China to some extent, and their corresponding political functions are also playing a certain role. This shows empirically that there is not a fundamental conflict between these forms of democracy and the real political needs and institutional arrangements in China. Of course, the scope of application and specific mode of operating these forms of democracy must proceed from the reality of China, and be adjusted to the actual needs of modernization process of the state administration system and the governance capacity. Below, I explore possible policy options for adaptive democratic reforms from three aspects.

5.3.1 Improve the General Election Process of Local Party and Government Leader

Electoral democracy is mainly reflected in the competitive choice of political power positions. Elections have always been stipulated in the CPC and the National People's Congress at all levels. However, due to the many limitations of the competitiveness of these elections and the lack of openness in the selection of candidates, some of these elections are often formalistic in nature. Since the mid-1980s, apart from some important candidates chosen for core positions, posts including Party committee members and deputy government officials have begun to be filled through widening small-scale margin elections. Since the 1990s, the Regulations on the Selection and Appointment of Leading Cadres of the Party and the Government clearly stipulated that leading cadres in the Party and government should be democratically selected. The government should respect the nomination and vote of NPC deputies when changing the term of office. In recent years, democratic election is increasingly considered as the necessary means for selecting honest cadres, for supervising and controlling power, and preventing abuse of power for their personal gains. Since the 17th CPC National Congress, the Central Committee has repeatedly emphasized the need to "improve the voting system for local Party committees in discussions

and decisions on major issues and the appointment of important cadres." At the same time, the importance of the voting system in appointments to local posts and changes in leading institutional bodies has been continuously enhanced. The Central Commission for Discipline Inspection and the Central Organization Department have also paid increasing attention to investigating and handling offenses such as bribes in the voting and election of Party committee members and government officials. "Standardizing the margins of nomination and margins of election, and forming a process and environment that fully reflects the electors' will" may become an important part of competitive democratic reform.

Of course, this election-style democratic reform will not develop in the direction of two or more parties running for officials as in the West, but rather through a democratic reform under the principle of "insisting on the leadership of the Party". In other words, the candidates that participate in the competition for leadership positions must meet the requirements of both ability and political integrity as set forth in the Regulations on the Selection and Appointment of Leading Cadres of the Party and the Government, and must be selected from the Party's reserve cadres (including reserve cadres of democratic parties) who meet the conditions. The final appointment will be selected through the expanding scope of the vote. Such reforms have already been piloted in the re-election of grassroots Party committees and government officials. However, the question now is how to truly select leaders and government officials who have both ability and political integrity as well as regard for the opinions of the people. On the basis of expanding the pilot program, there should be deepening reform in this area to improve the system of selecting candidates for both their ability and political integrity and the election system that reflects the foundations of public opinion, linking up the two systems and institutionalize and legitimatize them through a top-level design. Thus, this reform of the system of selecting and electing top cadres and government officials has been gradually extended to the general election of Party and government officials at the county and city levels, and even at the municipal level.

5.3.2 Promote the Institutional Construction of Political Participation Based on Social Orderliness

Compared to regular elections, participatory democracy refers mainly to the ordinary political participation of ordinary people in order to influence government policies and officials' behaviors. As early as the mid-1980s, Deng Xiaoping made it clear that China's political and social stability are the most important guarantees for economic development. Involving more citizens in the management of local public affairs will be conducive to arousing the enthusiasm of the people, and will also be conducive to the goal of achieving stability and social harmony. Through ten years of the pilot experiment of political self-governance at the village level, in 1998 the government formally promulgated the Organic Law of the Villagers Committees and implemented villagers' self-governance characterized by "democratic elections,

democratic decision-making, democratic management and democratic supervision" at the grassroots level in rural areas nationwide. In terms of management in urban regions, many cities have opened up channels for grassroots citizens to participate in the opinions of municipal construction and public services, so as to improve the efficiency of such services and address people's dissatisfaction with government misconduct.

In recent years, new changes have taken place in the development trends of mass participation. Land expropriated rural citizens, land expropriation and demolition caused by urbanization and industrialization, "NIMBY movements" caused by environmental degradation, and dramatic increase of many other "mass incidents" such as petitions and protests for "rights protection". The governments (especially local governments) have increased their administrative load, with declining authority in decision-making, and administrative enforcement capacity has generally weakened. Of course, these changes are related to social and economic restructuring and delays in government governance mechanisms. The Central Committee's repeated orders require all localities to work hard and well for social stability. Governments at all levels are also increasingly adopting a tolerant attitude in the face of many mass incidents of "non-institutional participation". However, it is still very difficult to reverse the momentum of public protests through the "maintenance of stability" measures with political means and economic means.

Therefore, how to establish an institutionalized and legalized channel of daily participation of the general public and to attract people's orderly rational political participation will be an important task in the political system reform. In fact, these efforts have also been piloted by some local governments, such as a hearings and trials system in the formulation of policies and regulations; regulations on the reception of petitioners by major leaders and officials of functional government departments; attempts of grassroots citizens' deputies to be receptive to voters; and open democratic discussions on government affairs. However, these sporadic and scattered institutional arrangements and initiatives have limited practical effect in attracting the orderly political participation of the people. The country should standardize the behaviors and responsibilities of local governments under the overall framework of the rule of law, and continue to enhance the government's accountability to the demands of reasonable and routine participation, in light of advancing the construction of a responsible government.

5.3.3 Stimulate Deliberative Democracy in the Policy Process at the Local Government Level

The system of multi-party cooperation and political consultation under the leadership of the CPC occupies an important position in the basic political system of China, especially as a coordination mechanism of interests among different social strata and sectors. The system of political consultation established by the CPC in the early years

played an important role in the beginning days of the founding of the People's Republic of China, but it mainly focused on participation and deliberation of democratic parties in multi-party cooperation at the level of state power. Since the reform and opening up, the political consultation system has been resumed. Its main function is still multi-party cooperation at the state level. Over the past decade, social conflicts arising from socio-economic development and transformation have become increasingly serious. Many policies from the central government to local government level have complicated game theory relationships with different interest groups in society. Local government policy has particularly been affected. The conflicts between local governments and different social groups are even more serious in terms of the distribution of benefits, the protection of rights and interests, the protection of the ecological environment, and the regulation of economic and social behaviors. In the face of new form of problems, the consultative mechanism that the political consultative conference system can accommodate is seriously inadequate. In view of this, the 18th CPC National Congress Political Report set forth new requirements for the future development of the political consultation system. It pointed out that it is necessary to "extensively consult with each other and expand the scope of the group talks on major issues concerning economic and social development and actual issues concerning the immediate interests of the masses; it should comprehensively collect the wisdom of the people, enhance consensus, and enhance cooperation." In concrete measures, political consultation should be incorporated into the decision-making process and "special consultation, counterpart consultation, sector consultation and proposal handling consultation" should be strengthened in policy making. In particular, the establishment of a grassroots democratic consultation system should be actively carried out.[12]

If the political consultative conference, mainly involving democratic parties, can reflect more political enlightenment from the ruling party, then the reform and development of consultative democracy in China's new context can focus on enhancing the influence of different interest groups from society on government policy. In particular, the function of political consultative mechanism and policy-level consultation capacity of the local government should be initiated and intensified. These efforts should include easing the management and restriction of social organizations, fostering the development of social organizations, attracting more social organizations to participate in policy negotiations, and enhancing the regular interaction between interest groups and government policy departments, so that political consultation can genuinely help coordinate social interests and implement public opinion.

[12]Hu Jintao, "Report at the 18th National Congress of the Communist Party of China" (offprint), pp. 26–27.

5.4 Responsible Government System Reform

A responsible government is an important symbol of the legitimization and rationalization of modern state governance. Some classical democratic theorists regard government accountability as a necessary logical consequence of the legitimacy of the competitive political system in Western political parties. Most democratization researchers also follow the theoretical conclusion that the degree of democratization is related to the degree of government accountability. However, judging either from the actual situation in democratic or democratizing countries, this theoretical assumption cannot be fully proved by experience.

In theory, a responsible government refers to a government capable of assuming and fulfilling the moral responsibility conferred by society and law. Its responsibilities far outreached government accountability alone. The responsibilities to be borne by the governments of modern countries generally include political responsibility, administrative responsibility, social responsibility and moral responsibility. In terms of political responsibilities, governments at all levels must safeguard national interests and ensure the implementation of all state laws, decrees and policies. In terms of administrative responsibilities, governments at all levels must perform their public management functions and exercise executive power according to the law. In terms of social responsibility, governments at all levels must uphold the healthy order of economic activities and social life, provide necessary public services, resolve social conflicts, satisfy the reasonable demands of all social strata and safeguard social harmony. In terms of moral responsibility, the exercise of public power by the government must represent public interest, embody social justice and fairness, and safeguard basic social moral values. Therefore, a responsible government is not an administrative organization that responds negatively to social demands, nor is it a service-oriented government that focuses only on providing public goods. A responsible government should be a government that undertakes multiple political and social responsibilities, exercises public management authority in accordance with state laws and administrative norms, implements various responsibilities and assumes the legal and institutional accountability. The establishment of a responsible government depends firstly on the noble political concept of the ruling party and on the moral responsibility of ensuring the survival and development of the nation. At the same time, in order to effectively improve the government's ability to assume multiple political and social responsibilities, it is also necessary to have a rationalized multiple-system arrangement and procedure design. Of course, the construction of a responsible government cannot be constructed exactly according to a blueprint. The types and scope of government responsibilities and duties are added and adjusted according to the actual needs of social and economic development. The procedure design of institutional arrangements is also a process of continuous improvement.

The construction of a responsible government is the comprehensive summary of the development trend of political system reform in the Chinese government. Since the reform and opening up, the Chinese government system has experienced multi-layered and phased reform of the administrative system that has adapted to market

economy developments such as the reorganization of government functions (e.g., separation of Party and government), the streamlining of government departments, simplification of power and the transformation of government functions, and administration according to the law. After entering the twenty-first century, all kinds of new social contradictions and government system problems arising from the social and economic transition have become more prominent. Within the community, the prominence of issues such as people's livelihood, e.g., income distribution, employment, education, medical care, housing, public order and security, and widespread public dissatisfaction caused by deterioration of the ecological environment, etc., especially the conflicts caused by land acquisition, housing demolition, labor relations and environmental pollution have had a direct impact on social stability. In terms of the government system, the grassroots government has lost control of power, with rampant government official corruption, poor quality of government services and other issues, resulting in a sharp decline in both government credibility and execution. In response to these problems, the central government has started to push forward a series of reforms, and the government administration system began to transform itself from an administrative regulatory system of the past to a service-oriented responsible government system. The 18th National Congress pointed out the basic tasks and targets for further promoting government system reform. The emphasis has been on "establishing and improving a system of restrictions and supervision over the political power operations of the government", which was meant to transform government functions into providing high-quality public services, maintaining social fairness and justice, "building a service-oriented government with scientific functions, structural optimization, integrity and efficiency, and satisfaction of the people". To summarize, the establishment of a responsible government system can focus on three aspects: expanding and implementing the supervisory power of the NPC, implementing a civil service reform that divides executive government officials from bureaucratic affairs officers, and establishing and improving the accountability of government and officials.

5.4.1 Expand and Implement the Supervisory Power of the NPC Over the Government

The National People's Congress system, as the "fundamental political system that guarantees the people be the masters of the country", remains the most relied-upon, important institutional arrangement for monitoring the government's decision-making and behavior. The NPC was once used as a supporting instrument of the ruling party's government and its functions in government supervision were seldom demonstrated. Since the reform and opening up, the NPC and its Standing Committee have greatly strengthened their powers in exercising their legislative, supervisory, decision-making and appointment and removal powers.

Under the new trajectory of diversifying social interests, the NPC at all levels still needs to make great improvements in representing public opinion and enhancing oversight functions. Relevant reforms that have been put on the agenda include two major aspects. First, the representativeness of the representatives and the professionalism of the full-time committees, e.g., reducing the proportion of Party and government leading cadres and improving the proportion of grassroots NPC deputies, improving the system of representatives contacting with voters; optimizing the knowledge and age structure of the Standing Committee and special committee members; increasing the proportion of full-time members; and enhancing the ability to perform duties in accordance with the law. Second, to strengthen the supervision of the work of people's government, people's court and people's procuratorate (Yifu Liangyuan), e.g., establishing an effective mechanism for hearings and inquiries into the formulation and implementation of government policies; strengthening the review and supervision of the government's full budget and final accounts; implementing accountability and recall of major policy mistakes, neglect of duties, and abuse of power. The key to enhancing the NPC's oversight of the government is to implement these reforms in a systematic and legal way.

5.4.2 Promote the Reform of Civil Servant System of Separating Administrative Officials and Government Officials

China is home to the largest Party and government leading cadres and related supporting staff in the world. Since the reform and opening-up, through the reform known as the "four modernizations of the cadres" in the 1980s, China successfully transformed its ruling class into "younger, better educated and specialized" political elites, and through constant system-wide adjustments, formed a complete set of "management cadres". Although the system of modern civil servants was established after the reform of the state civil service system was introduced in the 1990s, the personnel arrangements for leading positions and important positions at all levels of government are still governed by the old system of Party cadres. Such a system resulted in an undisciplined government in appointing government officials and too many government officials were managed and appointed in complicated positions at all levels of the Party, caused difficulties in effectively implementing supervision. In addition, in its actual operation, Party committees at all levels, especially the top leaders (secretaries), hold the actual power of appointment and removal of many important positions at the same level of government and public institutions. It is easy in this case to form a network of political asylum among Party and government, resulting in cronyism and official corruption.[13]

In response to the shortcomings of the appointment system for officials, the central government formally promulgated the Party and Government Leading Cadre

[13] Xu (2001).

Selection and Appointment Regulations in 2002, stipulating a policy of expanding democratic component in all links of the appointment process of cadres and strengthening various supervisions over the selection of cadres. However, the actual effect has not been very significant. One of the fundamental reasons for this is that the Party and government are not divided in the employment system. Therefore, it is very necessary to reform the current civil servant employment system first. The key resides in reducing the authority of the cadre administration system on the appointment of government officials and key positions, effectively, making the civil servant system relatively independent. Specifically, China can consider the separate management system for Party and government officials as defining the clear boundaries between the two systems, and coordinating the relationship between the Party management cadre system and the civil service system. Government officials should be excellent politicians who are able to coordinate various social relations and solve various social conflicts. Government affairs officers should participate in job competition, be part of an election term system, and be selected, trained and managed by the Party cadre system. Administrative officials should have tenure and professional divisions, and not be affected by the appointment and dismissals from government officials. This separation in personnel authority can be helpful in eliminating the various disadvantages of "official rank" in government departments, and can also be helpful in establishing a responsible government and reducing the political risk of the Party cadre system due to too much jurisdictional burden.

5.4.3 Establish and Improve the Accountability System of the Government and Government Officials

Accountability system is an important part of establishing a responsible government. The purpose of the accountability system is to cause the government to apologize for the consequences of its decision-making and behavior, the officials to resign or be rescinded. Although the accountability of government and officials always emerges after the fact, the institutionalization and normalization of accountability will constrain the behavior of government and officials, or change their behavior. In a general sense, recall-type accountability has always existed in China's political system, mainly due to the higher-level punishment of mistakes made by subordinates, such as recalling responsible persons for major accidents. This top-down accountability is not highly institutionalized. In recent years, the number of recalls of persons who were responsible for major incidents, major mass incidents and vicious incidents have been on the rise. However, there are few institutionalized laws and regulations could be followed.

At the 18th CPC National Congress, the accountability system that aims for a responsible government was put on the political reform agenda. In the section on "Establish and Improve a System of Checks and Supervision" in the 18th National Congress Political Report, the principles on which accountability is based and means

of implementation were clearly put forward. For example, the kind of events that must be held accountable was elaborated as follows: "To protect the people's right to information, participation, expression and supervision,… All decisions involving the vital interests of the people must fully heed the opinions of the masses. All actions that harm the interests of the masses must be resolutely prevented and corrected. Promote power transparency and standardization, improve the openness of party affairs and government affairs, judicial openness and openness in all fields", etc. In terms of the specific means of accountability, the report put forward "establishing a system of accountability and error-correction in decision-making… Improving the systems of inquiry, accountability, economic responsibility auditing, taking the blame and resigning, and recalling decisions", etc. Therefore, the responsibility system to be established in the future should be initiated from the following aspects: the tracing system of government decision-making and the accountability of officials' individual behavior.

Accountability is an important institutional arrangement for enhancing the government's sense of responsibility and responsiveness. The establishment of the legalized and institutionalized accountability system involves, first and foremost, the issue of setting the powers and responsibilities of governments and officials at all levels. In accordance with the basic principle of equal power and responsibilities, China need to rationally allocate the power of governments and officials at all levels within a legal system. Only by reasonably allocating and dividing power, and clarifying the corresponding responsibilities of governments and officials at all levels, can they take the corresponding legal and administrative responsibilities for the exercise of their powers and the consequences of those actions. Second, as an internal responsibility inspection and investigation system, an effective accountability system not only requires a sound internal supervision mechanism, but also a system of government transparency and government affairs openness so as to provide public access to information. Only by accepting the necessary external supervision from the community can China effectively monitor the power and responsibilities of officials and get people's trust. In addition, the handling of accountable officials also requires relevant provisions. Based on their responsibilities, they must be given equal punishment and a way out. The appealing mechanism of the accountable officials should also have legal guarantees. Only when officials' power and responsibilities are divided in a rational way, with clear and definite powers and responsibilities—with legal protection for personal rights and interests given at the same time—can China ensure the true implementation of an accountability system. At the same time, this should help maintain a pro-active working attitude and spirit of innovation among those in office.

In a word, the establishment of an accountability system involves institutional support from various aspects such as social politics, laws and regulations, and administrative procedural standard. The content of accountability also includes different levels of accountability, such as major political responsibilities, general policy mistakes, individual behaviors of civil servants, as well as the protection of the legitimate rights and interests of individual officials. The institutionalization process still needs to be continuously promoted and gradually improved. Establishing and perfecting

the system of accountability at all levels of government so that all levels of government administer affairs according to law and act in accordance with the law, which will greatly promote the improvement of a responsible government and thus enhance the modernization of the government's ability to govern.

5.5 Conclusion

Historical experience has proved that political transformation in a transitional society is a complex process full of uncertainty. The idea of reform conceived on the basis of the values and blueprint of system is only an "endogenous preference" based on subjective wishes and cannot be used to objectively judge the actual state of the system.[14] Disputes over radical reform versus gradual reform are also often prone to falling into the trap of distorted "endogenous preferences", regarding the judgments and calculations of accumulated transitional costs differently. As such, it is difficult for these propositions to bridge the gulf between the ideal blueprint and the objective reality.

Undoubtedly, the political program proposed by the 18th National Congress of the CPC is meant to complete a great undertaking. The Third Plenary Session proposed "modernization of state governance system and governance capability" and the Fourth Plenary Session "governing the country according to law", thereby setting forth the overall goal and direction of efforts for deepening the reform in order to realize this great ambitious goal. The reform of the political system is an important part of China's implementation of a comprehensive deepening of the reform and an important political base for this task. After all, the social costs of the economic system reform will eventually be reflected at the political level. At present, China still faces many challenges in deepening its reform of the political system. It must not only maintain the continuity of effective functions of the existing system, but also break through institutional obstacles to deeper reform imposed by the existing ones. The strategic choice of the reform of the political system must also take into account the sustained support of those at all levels of society, the consolidation of political alliances, and the effectiveness of reform policy outcomes. The more stable and viable the policy choices for reform are, the more likely they will create conditions for more positive reforms in the next stage. Examining policy options for reform, the policy options of adaptive democratic reform and responsible government system reform discussed above can both serve as an attempt at an overall transitional policy, or as a long-term mechanism for solving specific problems after accumulating experience and improving the system. Enhancing the capability of state governance in transition should be an important task and goal in China's political restructuring process. Adaptable democratic reform and responsible government system reform can

[14] Adam Przeworski has a good analysis of this, see his book *Democracy and the Market: Political and Economic Reforms in Eastern Europe and Latin America*, Peking University Press, 2005 edition, pp. 75–94.

be better integrated with this goal and play an important role in promoting concrete practices.

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Part III
The Path and Policy Process of Political System Reform

Chapter 6
The Rise of Technocrats: Bureaucratic Elite Transformation in post-Mao China

During the 1980s, the bureaucratic elite in the People's Republic of China underwent a substantive change in the direction of rejuvenation and professionalization. Since the elite transformation program was introduced at the beginning of the 1980s, the post-Mao leadership invested heavily in the enforcement of this program for a decade. As a consequence, by the end of the 1980s, almost all aging and poorly-educated veteran cadres who joined the communist movement before 1949 and had dominated the bureaucracies for three decades retired from their leading positions at different levels. Simultaneously, a large number of younger and new-style (well-educated and technically-trained) cadres were put into the vacancies left by the retired veterans.

Generally speaking, the process of China's elite transformation during the 1980s was different from common scholarly formula of elite circulation, in which the *modus operandi* of elite change varies either peacefully and gradually or violently and abruptly. The transformation was performed rapidly but peacefully. It was completed in the process of the policy implementation in less than ten years.

This chapter originated as an attempt to discover the reasons for the difference by analyzing the dynamics of this transformation. First of all, I raise a point to challenge the dominant perspectives of social change and economic development. Secondly, a political impetus approach is formulated and evaluated for explaining the case of post-Mao China. Thirdly, based on the examination of three different dimensions of the policy and decision-making process, policy implementation, and institutional innovations, I give a theoretical evaluation of the political consequences of post-Mao bureaucratic elite transformation.

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6.1 Socioeconomic Perspective and Its Limitations

Why and how does the elite undergo change? What correlation exists between elite transformation and social-economic change? Does social-economic change determine elite transformation, or vice versa? The literature on elite transformation appears to take for granted that structural social change and economic development are the determining elements of elite change, elites themselves being the dependent variable in the change.

Many classical political scientists, economists, sociologists, and Marxist theorists adhere to this socioeconomic perspective. For instance, Gaetano Mosca asserts that the origin of elite transformation might be in the rise of new social forces which is determined by various changes in society, such as technological progress and economic structural shift, large-scale migration or conquest.[1] Joseph Schumpeter analyzed the elite transformation by the change of production means. For Schumpeter, the elite's power and position in a social structure depends upon its special social functions in a specific economic structure. In the transformation of economic structure, the society's need for elite's function has changed substantively, the importance of traditional elites in the society has declined with the change of its economic position. Finally, they lost their position and were replaced by the new elites. C. Wright Mills emphasized the elites' political function in the society. For Mills, the elite renders services to the needs of society, and the changes of social needs would require relevant changes in the type of elite.[2] Theda Skocpol concluded in her theoretical analysis of social revolutions in France, Russia and China that revolutions came with the call from society, the success of the revolutions directly resulted in the large-scale elite transformation, with new elites capable of finishing the task which the old elites failed to do.[3] Ralph Miliband and Nicos Poulantzas agree that the composition of the political elites is a direct consequence of the pattern of socioeconomic power. The ruling class is always the socially and economically dominant class. The changes in elite composition are a function of changes in social structure which are determined by the development of the means of production.[4] In sum, all these scholars assume that institutional and structural changes in society bring about elite transformation in which one elite group replaces another.

This mainstream socioeconomic perspective on the elite transformation also has had a significant influence on the study of elites in communist societies. In the late 1960s, as witnesses of the increasing modernization of socialist economies and societies in the Soviet Union and East European states, scholars of comparative studies of communism have radically changed their opinions on communist elites. Their attention shifted from observing the personal traits of the top leaders of socialist countries and the power struggle among the powerful elite, to redefining and analyzing the interaction between the political elites and society in these countries.

[1] Mosca (1939).

[2] Schumpeter (1951), Mills (1956).

[3] Skocpol (1979).

[4] Miliband (1969), Poulantzas (1973).

They introduced new theoretical approaches, which were widely employed in the studies of liberal democratic and some non-communist societies, to redefine the elite-society linkage in the communist societies. The prior paradigms, which emphasized the uniqueness of communism, were abandoned. Convergence theory, which argued that all societies were subject to similar processes of socioeconomic development, became prevalent.[5] For instance, many of those scholars held the "economic imperative" thesis, according to which economic and social modernization deeply affects the political structure and process of these communist systems. They asserted that industrialization contributed to an increasing division of labor, functional differentiation, and overall complexity of communist societies, to which the political structure of the mobilization phase was no longer suited. The inability of the traditional communist apparatus to deal with the complexities of modern society, and the monumental effort directed at achieving industrialization and economic development, forced those regimes to readjust both their bureaucratic institutions and their elite composition. The primary political consequence of this presumed imperative toward industrialization appeared as a shift in the dominant bureaucratic elite and brought new personnel with managerial and technical qualifications into the political process.[6]

Some scholars also insisted that the replacement of the revolutionary elite by a managerial intelligentsia was inevitable in those post-revolutionary societies. The gradual modernization process and the concomitant tasks of organizing and administering a complex industrial society would call for managerial and expert intellectuals to fit into functionally specialized roles of governance. The new managerial and expert elite, who possessed the technical training and expertise necessary to the operation of an industrial society, could be expected to search for more rational and efficient means of societal control and economic development, such as placing greater stress on material incentives with less reliance on coercion and ideology, and appealing to more institutionalized processes with fewer emotional mass movements. These new approaches applied by new managerial and expert elites brought them into conflict with the revolutionary veterans who always resisted change. If industrialization was to be successful, the revolutionary veterans had to be displaced by new managerial and expert elite.[7]

This economic imperative thesis has been accepted by many students of China studies as a major theoretical approach to analyze the current elite change in post-Mao China. These students agree that the transformation of the political elite is directly related to broad social, economic and political changes in society. Processes of social diversity, political decentralization, and the fundamental change of the highly statist economic system in post-Mao China have led scholars to conclude that "the Party is no longer the sole creators of the political elite."[8] In addition, Party leaders are not

[5] See Nelson (1978).

[6] See Eckstein (1970), Fischer (1968), Ludz (1972), and Baylis (1974).

[7] See Kautsky (1968, 1969), Donaldos and Waller (1970), Johnson (1970), and Richard Lowenthal, "Development versus Utopia in Communist Policy," ibid., pp. 33–116.

[8] Cheng and Bachman (1989).

just agents of sociopolitical transformation; they are also subjects of social change. These scholars assert that pragmatic technocrats have replaced ideology-minded Party cadres as the dominant forces in China's political and bureaucratic system. The term of "technocrats" has been broadly used to characterize the new elite within the leadership at different levels.[9]

No matter how the socioeconomic perspective dominates the study of elite transformations, this mainstream theoretical perspective has some problems as "convergence theory" for interpreting all cases of elite transformations. The first problem is that the proposition that socioeconomic change dominates elite change is not always the case in elite transformations. Not all elite transformations have followed the revolutionary approach in which a major transformation in elites always occurs simultaneously on the social and the political levels. Elite transformation sometimes can be realized by other important factors which determine the elite composition and the elite's role independently of socioeconomic forces or functions. For instance, both Vilfredo Pareto and Talcott Parsons view elite transformation as one of the requirements for a stable social system rather than a result of social change. In their theory, social stability can be maintained by elite circulation, in which incompetent elites are replaced periodically by talented individuals from the lower classes to resuscitate governance and avoid the accumulating tensions between the "(political) power elites" and the "social elites" which could lead to a violent revolution.[10]

There is also evidence of gradual elite transformation without social change or political turmoil in ancient China and in modern Western societies. Ping-ti Ho finds, in his study of elite mobility in imperial China, the origin of change in elite composition is not in the socioeconomic structure, but in the institutionalized recruitment system. He writes: "[In] retrospect, the Tang period was an important transition during which the monopoly of political power by the early-medieval hereditary aristocracy was gradually broken up under the impact of the competitive examination system."[11] In his cross-national elite analysis, Robert Putnam also observed that incumbent political leaders act as "gatekeepers" in determining access to elite positions. He argues that "modifications in recruitment channels, electorates and credentials can influence the composition of political elites independently of changes in socioeconomic forces and factions."[12] The second problem with the socioeconomic theoretical perspective is that it treats the elite as an object of social change without considering the influence of its leadership on society and politics. As Jack Bielasiak has criticized, the dominant socioeconomic perspective has led the study of communist elites in Soviet and East European states to a narrow conceptual approach. In this approach, the communist elites have been treated primarily as a dependent variable that is affected

[9] See Mills (1983), Zang (1991), Lee (1991); and Cheng and White (1988) and *idem.*, "Elite Transformation and Modern Change in Mainland China and Taiwan: Empirical Data and the Theory of Technocracy," *The China Quarterly*, no. 121, March 1990.

[10] For Pareto's discussion, see Prewitt and Stone (1973); for Parsons' discussion, see his work, *The Structure of Social Action*, New York: The Free Press, 1968, 1: 278–288.

[11] Ho (1967).

[12] Putnam (1976).

by social evolution, such as industrialization, but not as an independent variable that also has an impact on society. It has ignored this evidence that the elites in these societies are "both the objects of social change as well as the agents of sociopolitical transformation."[13]

Bielasiak's critique can also be used for evaluating the current studies of the elite transformation in post-Mao China which are based on the socioeconomic perspective and technocratic model. Except for the introduction of technocracy theory, most of these current studies failed to carry out research that could prove how this "economic imperative" determines elite change. The most empirical research they have done is a comparative analysis of biographical data, such as age, education, career experiences, and social background, between the old revolutionary cadres and the newly promoted cadres within the leadership at the central, provincial and city levels. The comparison of generational clusters, educational and occupational qualifications, and career patterns would, of course, considerably facilitate the characterization of the political and bureaucratic elite. And comparison over time would delineate attributes held by the elite at various periods of system development. However, this has less to do with an integration of the change of China's elite composition they studied with the technocratic model they introduced.

Chinese modern elite research began in the late 1960s. Ying-mao Kau's 1969 study of the personal background data of the political elite in Wuhan in 1956 may have been the earliest empirical research. The study found that while some scientific researchers and technicians were absorbed by the Party and government departments into grassroots elites, their path to the middle and top elite was fraught with many obstacles. These obstacles stem mainly from the revolutionary elite groups that participated in the revolutionary movement before 1949. The study also points out that there is not a large-scale emergence of technology-research elites in the Party and government institutions during the post-revolutionary period in China, mainly reflecting the lack of interest in relying on technology-based research elites to manage complex industrialized societies. In addition, the study of Derek J. Waller in 1972 also questioned the rationality of using socio-economic factors to explain changes in China's political elite. Waller's study compares the personal background characteristics of the members of the 8th Central Committee in 1956 with those of the leaders of the Soviet regimes in 1927 and examines certain assumptions made by the then modernization theory. According to these assumptions of the modernization theory, there is a correlation between the economic development of society and the breakdown and specialization of the bureaucratic hierarchy. Therefore, in the post-revolutionary society, the modernized systemic requirements recognized by the elites are thought to be reflected in the characteristics of these elites themselves. Therefore, if the industrialization and modernization can finally succeed, the old revolutionary elites will inevitably be forced to renounce their power and hand over the power to the next generation of elites of "managed modernization promoters." However, by comparing the characteristics of elites in two different periods of revolution and industrialization, Waller found that although there was such a big difference in the political, economic

[13] Bielasiak (1984).

and social systems between the two periods, the similarity of elite characteristics reached alarming proportions. Waller concluded that the industrialization efforts of China in the 1950s did not result in the emergence of a new technology-management elite that posed a threat to the old elite because the top political leaders did not consider it necessary to promote the so-called "management-oriented modernization" so there was no need to raise them to the elite position.

The conclusions reached by Ying-mao Kau and Waller through a comparative analysis of the elite characteristics are convincing, but they conclude that the reason why the new elites did not emerge is that the neglect of top leaders is somewhat arbitrary. In fact, not all leaders value the role of technology-intellectual elite. Before and after the Great Leap Forward, some leaders, such as Zhou Enlai and Chen Yi, had been trying to adjust the Party's policies on intellectuals in order to attract a large number of technical managers to enter the administrative system for economic development. However, these efforts cannot be realized because of the periodically political ideological campaign launched by the more senior leaders. In these political campaigns, intellectuals and management technicians are often the targets of political campaigns rather than favors.

China's experiences of industrialization before the 1980s suggest that the "economic imperative" did not naturally or automatically lead to a readjustment in the elite structure in favor of managerial-technical skilled specialists. Political initiatives, such as the Socialist Transformation movement, the Anti-Rightist campaign, the Socialist Education movement, and the Cultural Revolution, could constrain influence of economic conditions on elite recruitment and composition. Political needs and demands by the top leaders could confound the modernization process and outweigh the pressure stemming from the economic sector; at such times, the recruitment of specialized personnel would give way to other priorities of the top leadership.

Why did elite transformation occur at this time or not at that time; what exact elements help to open the path for "technocrats" to enter leading positions? Both the socioeconomic perspective and technocratic model are unable to answer these questions. They at most tell us why this transformation is necessary, but they cannot tell us whether the transformation can occur or not. Without concern for the top leaders' political needs, motives and interests, without consideration of the conflictive and accommodative processes of politics, and without description of the making and implementation of policy, the nature and dynamics of the elite transformation could not be understood, or at best could only be partially understood.

6.2 Evaluation of the Political Impetus Perspective

To consider the shortcomings of the socioeconomic perspective, this chapter will use a special theoretical perspective to analyze the bureaucratic elite transformation in post-Mao China. This special perspective might better be termed as the "political impetus" perspective. It suggests that elite transformation may be determined not

only by the requisites of socioeconomic change, but also by the political interests of the incumbent political leaders. The influence of the latter over the recruitment process is more important than that of the former in some cases.

In an authoritarian society, especially, the top political leaders' perception and political needs are more important than socioeconomic factors in determining elite change. As all economic, social and political issues are subject to the high degree of centralization and extensive politicization of the Party-state, the political leaders are relatively autonomous in making different choices that determine elite transformation. For instance, the political leaders may pursue a recruitment strategy in which the Party maintains a monopoly of power against the technical and managerial elite. Alternatively, they may choose to support an efficient bureaucratic system, which exercises an important impact on recruiting specialists into the bureaucratic elite. The inclusion of new elite in the bureaucratic positions is thus not an automatic response to social evolution or the requisites of modernization, but rather, is based on political decisions concerning the top leaders' political needs and interests. From this political impetus perspective, the transformation of the bureaucratic elite is viewed as a process of the making and execution of elite transformation policy within the framework of the Party-state organizational structure. Therefore, top leaders' interests and political needs, the process of the policy-making and implementation, the constraints of the bureaucratic structure, and the organizational innovations designed by top politicians become important elements of this study to understand the nature and consequences of this transformation.

Theoretically, the political impetus perspective does not imply the unimportance of the socioeconomic factors; instead, it suggests that the structural conditions of social and economic factors have an external impact on elite transformation, and that the political leaders' substantive interests and motivation have an internal impact on this transformation. Social change and economic development might provide the conditions and reasons for elite transformation, but the transformation might need political impetus to carry out. In the given socioeconomic environment, the latter would be more important than the former in determining elite transformation. This political impetus perspective is, in fact, not simply a theoretical argument. It is drawn from and empirically based upon China's political system "in which the Party and its leaders guide national development, coordinate its interdependent parts, and ultimately control its multifarious group and individuals."[14] In contrast, the influence of social forces on the Party's major decisions is minimal, and there is basically no interaction between the two. Second, in terms of its operating characteristics, the political campaigns of the Party aimed at reforming the social and economic structures as well as the daily operation of the political system mainly rely on the political elites under one party to promote and implement it. Political elites at all levels are the major force on which the leaders of the Party and government rely for their own political line, principles, and policies to be implemented. Due to the fact that the Party's execution system is not highly specialized and institutionalized and relies too much on an authoritative structure of personification, the implementation

[14]Tsou (1986).

of the established political lines and principles and policies inevitably depends on the political affiliation of the political elite to ensure that the political veracity of the elites. That is, their political loyalty to the leaders and their attachment to the interests of the established lines and principles and policies, have become the primary criteria and conditions for elitist entry and elitism.

Empirically, there are two major approaches that top leaders can adopt to influence nationwide elite recruitment and composition. First, top leaders make or modify authorized guideline decisions for the Party's general goals which might immediately influence the pattern of bureaucratic elite cooptation. Secondly, top leaders directly make or modify the major policy on elite recruitment that might heavily influence elite composition after this policy is enforced.

Generally speaking, the Party leadership has certain broad purposes and objectives at each particular time. These objectives are performed by the various specific functional units of the Party and government, but the pursuits of these objectives must be in accordance with the Party's general goals and strategies, which are called *zong luxian* (general line) or *zhengzhi luxian* (political line) by the Party. When a general line is determined or changed by the top leadership, the specific organizational line is to be set up for elite recruitment and personnel adjustment in both the Party system and the bureaucracy, in order to provide an organizational guarantee for implementing the policies in accordance with the general goals and strategies at all levels.

The central party leadership, especially the paramount leaders, is relatively autonomous in making or modifying authorized guideline decisions for the Party-state's general goals and strategies. The influence of bureaucratic politics might be important in shaping and implementing concrete policy which has a concern with preserving and enhancing bureaucratic organizations' personal and unit resources; but its influence on setting programmatic guidelines and making the key decisions on personnel and resource distribution is much weaker.[15] Practically speaking, political choices and strategies are partially based on top leaders' personalities, perceptions, and preferences. They are also partially related to political conflicts or coalitions among those leaders at the top level.[16] This autonomy of top political leaders does not mean that their decisions can be totally outside the structural constraints of the Party-state. They are autonomous because there is only a very weak institutionalized mechanism in the Party system and government that might check and balance the power of top leader. This personal authoritarian politics at the top leadership level provides these leaders with more autonomous institutions and more flexible procedures for making decisions in accordance with their preferences and political needs. Under normal circumstances, top party leaders' priorities and strategies are generally responsible for the legitimation and stability of the regime, or at least responsible for the satisfaction of minimum requirements for effective state action. If this were not the case, their autonomy could lead to crisis.

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[15] Hamrin (1990).

[16] There are several good discussions about this relation between the top leaders' personalities and the major policies they prefer, especially in Barnett (1974), and Bachman (1991).

Top party leaders consistently tried to ensure that the bureaucratic elite was committed to the goals of the party. They were also directly involved in the formulation of major cadre policy for administrative efficiency and the needs of political struggle. The problems of bureaucracy, such as organizational inefficiency, arbitrariness, and factionalism, have long been a key organizational issue which was concerned by the top leaders.[17] They have frequently used various organizational measures to improve administrative performance and to tighten the central political control. These measures include regularization of organization rules and recruitment standards, rectification campaigns, routine political training organized by all levels of Party schools, and adjustments of staffing pattern, organizational structure and operating procedures.[18] Some organizational measures are also used as important strategies to win power struggles among the top leadership. The political leaders during the period of the Cultural Revolution, for instance, used organizational issues and advanced organizational programs to build secure power bases and to reduce the support available to their rivals.[19]

These two approaches, making or modifying the Party's general goal and making or modifying major cadre policy, were followed simultaneously by the post-Mao leadership during the period of the bureaucratic elite transformation. At the end of 1978, the post-Mao leadership under Deng Xiaoping made a major shift of the Party's general line from class struggle to economic development. This change in orientation of the top leadership at the national decision-making level from the transformation of society and human mind to the development of economy immediately caused a change in elite recruitment policy. The old bureaucratic elite, marked by senility, professional incompetence and ideological rigidity, were supposed to be substituted by new elite, characterized by youthfulness, better education and more expertise. Additionally, from the late 1970s to the early 1980s, the post-Mao leaders, such as Deng Xiaoping and Chen Yun, frequently criticized inefficiency and "bureaucratism" in the Party and governmental organizations. They also attempted to use organizational measures, such as the organizational reform and the change of recruitment pattern, to solve these bureaucratic problems.

Dependent bureaucratic elitism is another characteristic of China's authoritarian regime. After the Communist Party came to power, the bureaucratic elite and the former social elite in China have been bifurcated.[20] First of all, the bureaucratic elite in the old regime who had a close relationship with the upper classes in society were eliminated during the process of the Communist Party's takeover. After a series of socialist transformation movements in the 1950s and the 1960s, the traditional elite groups in the upper class lost almost all their political and economic influence.

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[17]Martine King Whyte has an interesting discussion about China's leaders' view on bureaucracy from 1945 to 1980. Whyte finds that these leaders, including Mao (1967), Liu (1945), Zhou (1963), and Deng (1980), shared many similar sentiments on the evils of bureaucracy. See Whyte (1989).

[18]These measures were well documented by Harry Harding for the period up to the end of the Cultural Revolution in 1976. For his summary analysis of these measures, see *Organizing China: the Problems of Bureaucracy, 1949–1976,* Stanford: Stanford University Press, 1981, pp. 329–337.

[19]Ibid., p. 341.

[20]Schurmann (1968).

With the elimination of the old bureaucrats and their influence in the bureaucracy, the relatively independent social and political forces that were dependent on their social and economic strength to exert political influence on the national bureaucracy ceased to exist. On the other hand, the Party members and cadres with little education or professional skills staffed the bureaucracy at the lower, middle, and even higher levels. These bureaucratic elites were mostly recruited from the poorest sectors of society before and after the establishment of the new regime. Although these bureaucrats were recruited according to the Party's class-based cadre policy, they were not agents or representatives of their classes. They were recruited mostly because of the Party's needs of mass movement and mass mobilization. They were more responsive to their superiors in the Party-state than to the particular classes from which they were recruited. They represent a new style of bureaucratic elite, mostly as Milovan Djilas' new class, who receive political power, economic benefits, and social prestige from the Party-state. In fact, they did not have any economic and political bases independent of the Party-state.

The control of political and economic resources by the Party-state made the communist bureaucratic elite dependent on the Party-state. First of all, access to official positions was totally controlled by the Party. The criteria and process of elite recruitment were designed by the top party personnel authority, usually by the Central Organization Department, according to the top political leaders' preferences. In party's cadre management system, all bureaucratic officials are stratified at different levels in accordance with their ranks and positions and the administrative status of the units they lead. Each official is subjected to tight control by a certain party organizational department which has authority over his appointment and removal.[21] Second, a bureaucratic elite position brings its occupant special economic benefits and political privileges which are provided by the Party-state bureaucratic system. Most of these benefits and privileges are not available from other sources.[22]

This dependent situation of the bureaucratic elite is an important element for understanding the nature of the bureaucratic elite transformation in post-Mao China. Because the link between the bureaucratic elite and society is weak and because of the continuing repressiveness of the regime, it was more likely that transformation would occur by way of personnel replacement within the regime than a result of social conflicts. This dependent situation is also the key point for analyzing the bureaucrats' reactions to the Party's policy of cadre rejuvenation and professionalization and its implementation. Because the bureaucrats lacked an independent social base for their elite positions, they do not have the social and political resources to resist the elite transformation and prevent themselves from being replaced. The new bureaucratic elite that has substituted the old one also lacked the political and social resource to claim their positions. They were promoted because they were selected by the Party

[21] See Manion (1985), Burns (1987).

[22] These benefits and privileges for the leading cadres include a higher salary, a good place to live, good medical treatment, better education for their children, access to information of policy-making, and so on. As the private economy develops in China during the decade of post-Mao reform, the Party-state is no longer the unique sources of economic benefits. But most benefits and privileges for leading cadres are still not available for ordinary people.

in light of the Party's new elite recruitment strategy. Under these circumstances, the transformation of Chinese bureaucratic elite in the 1980s was mostly a policy process dominated by the Party leaders rather than one driven by social forces or bureaucratic politics.

6.3 Elite Transformation as Political Decision

Through the examination of the political context and the process of policy formulation, I found that the nationwide bureaucratic elite transformation has a strong link to the post-Mao leadership's political needs. The political impetus played a very important role to drive this transformation.

First of all, the modernization program and economic reform, which were redefined as the Party's core tasks by Deng Xiaoping and led to the change in elite recruitment policy, served as the nationwide policy to strengthen Deng's influence. As the Party-state faced serious political and economic problems after the Cultural Revolution, Deng's pragmatic policy on modernization and economic reform became a very important political solution to rebuild the legitimacy of the Party-state.

Second, the policies on elite transformation, including retiring old and poorly-educated veteran cadres and promoting younger and professional competent cadres, were responses not only to the functional requirements of economic development but also to the needs of political succession. Succession uncertainties for the post-Mao leadership had an obvious influence on the process of policy formulation and its implementation. As they survived the critical power struggle during the Cultural Revolution and returned to power in their 60s and 70s, the post-Mao leaders needed to consolidate their power and arrange the selection of successors. Since 1978, both Deng Xiaoping and Chen Yun have expressed deep concern over a possible political comeback by the leftists. They also frequently emphasized the importance of selecting politically reliable successors for the economic reform and political stability. Between 1979 and 1987, the Party also took a set of organizational measures, such as the purge of "three types of people", building the "third echelon", and the Party rectification campaign, to eliminate the leftists from leading positions.

Third, the transformation program also served as an organizational method to solve the persistent problems of inefficiency in party and government bureaucracy. The bureaucratic system had been dominated by cadres with fewer professional skills and less modern knowledge for three decades. A series of personnel problems and administrative difficulties, such as inadequate skills, lack of creativity in policy making and implementation, avoidance of responsibility, policy and information distortion, and administrative inefficiency, had been related to the lifelong tenure for the leading cadres, the composition of the professionally-incompetent bureaucratic elite, and other unsuitable institutional conditions. The top leaders were also very concerned over these defects when they proposed the transformation program.

In summary, the bureaucratic elite transformation in post-Mao China occurred as a political choice for the needs of the political leaders. It was launched by the top political leaders to meet their specific goals. Political leaders at the top, especially the paramount leader Deng Xiaoping, played the decisive and indispensable role. They put the issue on the political agenda, formulated the major policies, and monitored the transformation to be implemented. Deng's considerations of the three major problems of the bureaucratic elite—political unreliability, aging, and professional incompetence—had a distinctive impact on the direction of the transformation.

The decisive formulation and adoption of policy that dominated by the paramount leaders was a typical characteristic of the China's authoritarian political system and highly hierarchical power structure. Deng's major impact on the changes in the Party's general line and major policies depended not only on his status as paramount leader, but also on the Party's norm of the "leadership core" of the "collective leadership" at the top. This "leadership core" norm, which has marked the Party for more than five decades, gave the paramount leaders supreme power to make critical and strategic decisions for the Party, to make a final decision on controversial policies, and to purge political challengers within the Party.[23] This norm and its significance for the Party's unity and stability were clearly stated by Deng himself on June 16, 1989.[24]

Besides the authoritarian political system and highly hierarchical power structure, this leadership core of the collective leadership is also a key to explain the relative consensus on the policy of elite transformation. Under this norm, all Party members, especially leading cadres, were required to keep consensus with the central leadership after a major policy was decisively formulated. Any divergence in political opinion and policy preference from that held by party leaders at higher levels might be considered a violation of this norm. The leaders with the divergence might be criticized and purged. At the middle and lower levels, the main deviating behavior was factionalism. The cadres who were seriously involved in the deviation were labeled the "three types of people" and were required to be purged from their leading positions.

Compared to Mao, Deng used more persuasion and less coercion to deal with political divergence and policy deviation. To reduce the tension of policy and factional conflicts, the retirement policy for the veteran cadres also served to ease the important leftist leaders out of active service. However, the overwhelming political pressures on Party members and leading cadres still remained. Beginning in 1979, the top party

[23]Tang Tsou gives a sophisticated analysis of the practices of this norm from Mao to Deng. See Tsou (1991).

[24]Deng said: "Any collective leadership must have a core. A leadership without a core is unreliable. The core of the collective leadership of the first generation was Chairman Mao. Because of having Mao as the core of the leadership, the "Cultural Revolution" did not overthrow the Communist Party. In the second generation, I am in reality the core. Because there is this core, even the removal of two leaders [i.e., Hu Yaobang in 1987 and Zhao Ziyang in 1989] has not affected the leadership of the Party. The Party's leadership has been stable from the beginning to the end. To start the collective leadership of the third generation [we] also need a core. All comrades in this room should understand and handle this matter with highly consciousness. [We] must consciously uphold the core, who is Jiang Zeming approved by all of us." *Deng Xiaoping Wenxuan Vol. III*, p. 310.

leaders frequently required the Party members and cadres to maintain consensus with the Party's political line and policies since the Third Plenary Session of the 11th Central Committee of the CPC held at the end of 1978. The "three types of people", the factional elements, and the people opposing the new party line and policies became the targets of the political purges in 1979–1982 and the Party rectification in 1983–1987. Political loyalty to the post-Mao leadership and to policy was required as the primary criterion for recruiting leading cadres.

Despite the predictions of the "economic imperative", the transformation of bureaucratic elite in post-Mao China was determined not only by the requisites of modernization, but also by the political interests of the incumbent political elite. The political interests are more important in determining the recruitment strategy and the type of personnel selection.

6.4 Elite Transformation as Policy Implementation

The authoritarian political system, highly hierarchical power structure, and the political core of the collective leadership at the top were the elements of a characteristic pattern of China's politics. These elements not only led to the determining change in the Party's general line and the decisive formulation of the policies in rejuvenating and professionalizing the bureaucratic elite in post-Mao China, but also deeply influenced the implementation of these policies.

The rejuvenation and professionalization of the bureaucratic elite took place as a policy implementation by the Party organizational system which was relatively separate from the functional bureaucratic administration. In China's "double-track" bureaucratic system established after 1949, the Party organizational system has been given the distinctive role of supervising the various state agencies, ensuring the faithful implementation of party policy, and maintaining political control over bureaucracy.[25] This hierarchically ordered, functionally undifferentiated, and highly politicized party system had provided a powerful organizational mechanism to realize policy objectives set by the top leaders. After 1978, these functions of the Party organizational system, which were damaged during the Cultural Revolution and quickly restored after Deng's return to power, facilitated the post-Mao leaders' accomplishment of their ambitious program of bureaucratic elite transformation.

Although the Party had announced in 1978 that mass movements would no longer be used as a means of carrying out both political and economic policies, the Party's work style and organizational methods related to political movements were still used for improving the implementation of policy. When the bureaucratic elite transformation began in the early 1980s, the central Party leaders had to cope with bureaucratic resistance, dysfunction, factionalism, and parochialism (either localism or departmentalism). To guarantee the accomplishment of the ambitious program of bureaucratic elite replacement, the top leadership mobilized the full capacity of the Party to

[25] A. Doak Barnett, *Cadres, Bureaucracy, and Political Power*, pp. 18–19.

carry out the replacement program forcefully. Under Deng's "small-scale campaign", political control became intensified. The Party not only established special leading groups at the center to deal with the personnel reorganization, but also sent many work teams to the localities and functional departments to supervise policy implementation. Active propaganda on the new policy and serious criticism of bureaucratic resistance were carried on. The Party rectification and political purge of the factionalists and leftists also served to reduce the resistance and remove tough opponents. The implementation became a political task rather than a simple and routinized administrative process. The normal promotion routine and time-consuming procedure of selection was simplified in order to meet the quotas and timetables of the replacement set by the top leaders. Limited mass participation was used to supervise the implementation.

This campaign-style implementation carried out by the Party organizational system provided an efficient method to reduce the leakage of authority and replace a large number of old elite personnel with new ones during the nation-wide leadership reorganization between 1982 and 1985. However, this implementation also led to policy distortion. In the highly hierarchical ordered and functionally undifferentiated party system, power was usually concentrated in the hands of party leaders at the higher levels. The cadres at the middle and lower levels lacked an initiative in their effort to faithfully implement party policy. Under the dual pressure of top-down overloaded policy implementation indicators and overwhelming political tasks, the middle and lower levels of the Party and government organizations lean toward coping with rigid policy indicators (use fraud to combat the overload).[26] Mechanical compliance without initiative led to poor-quality policy results at the middle and lower levels. A number of newly-promoted elite personnel were actually "incompetent cadres" in relation to their leading positions.

In the course of the implementation, the top leaders also tried to reform the highly centralized cadre management system by granting more autonomy to local party authorities on personnel matters in order to spur their initiative to appoint high-quality local officials and to supervise them efficiently.[27] The enforcement of this decentralization between 1984 and 1985 immediately caused a chaos of cadre cooptation and aggravated the practices of nepotism and personnel favoritism, especially at the middle and lower levels. The Party had to readjust the policy by tightening central control again in early 1986. The deviations in policy distortion and implementation attracted the attention of the central leaders. They explained that these problems were caused by the traditional cadre management system as a whole, which can no longer meet the new needs in many aspects. Based on their assessment, the Party decided that the appropriate remedy for these policy distortion and implementation problems was to rationalize the cadre recruitment and management system by establishing an integrated system, which could be suitable to the current economic reform, could facilitate the normalization of elite transformation in the context of the cooperation between the old and the new, could expedite selecting and promoting the talented

[26] Goldstein (1991).

[27] For the detail of the 1984 *nomenklatura* reform, see Burns (1987).

personnel, and could spur cadres' initiative and creativity in implementing the Party's policy.[28]

The rationalization of bureaucratic elite recruitment followed the policy pattern in which, when a problem emerged a feasible solution was found and put into effect. In this problem-solution pattern, most of the policies and reforms were made and carried out on the basis of this short-term strategy which aimed at solving the immediate problems. The reason for establishing the system of reserve cadres was to reduce the succession uncertainties. An institutionalized process to enlist and train the would-be bureaucratic elite gave the Party more means and power to control the channels to succession. The adoption of more effective rules and regulations to curb the corrupted patron-client network and personnel favoritism was based on the attempt to decrease the dissatisfaction and resentment among the people which might damage not only the legitimacy of newly-promoted cadres, but also the Party's prestige. The move to build a system of merit-based recruitment and elite personnel evaluation responded to the need to solve the quality problems of cadre selection and cooptation which had been caused by the campaign-style implementation. As in the leading body reorganization between 1982 and 1985, the policy of rationalizing bureaucratic elite recruitment between 1986 and 1988 also heavily relied on the Party organizational system. Mass participation in the process of selecting and evaluating leading cadres was limited. "Democratic recommendation" for the candidates and "democratic review" of leading cadres was far from a genuine representative politics. They only served as additional means to help the Party supervise the implementation of the central policy.

This party-dominant implementation system provided a powerful measure for the Party leaders to replace a large number of veteran cadres with younger and well-educated cadres and set up a merit-oriented system for promotion and dismissal of leading cadres. However, this highly hierarchical and highly politicized system could not fully solve the problems of the distortion and deviation in policy implementation. The structural constraints of the Party authority system resulted not only in mechanical compliance and lack of creative initiative by the implementers at the middle and lower level, but also in "a restricted flow of reliable information to the policy makers monitoring the impact of their decisions."[29] By heavily depending on the hierarchical and politicized party bureaucratic system rather than pluralist politics and markets, this implementation system, as Charles Lindblom has pointed out, has "strong thumbs and no fingers."[30]

[28] Qiao (1985).

[29] Avery Goldstein, *From Bandwagon to Balance-of-Power Politics*, p. 119.

[30] Lindblom (1977).

6.5 New Bureaucratic Elite as Political Dependent Technocrats

According to the top leaders' expectations, the transformation of the bureaucratic elite had been successful. This was not only because the transformation substantively changed the nature of the administrative elite from one style to another, but also because this transformation was accomplished completely under the Party's control from beginning to end. In only several years, the Party has brought into office an entirely new generation of leaders at all levels. In this peaceful transition process, the power was transformed from veteran cadres who had joined the Communist Party before 1949 to the first generation of post-Liberation cadres.

This bureaucratic elite transformation was obviously orientated toward technocratic governance. The new criteria of selecting bureaucratic elites put a strong emphasis on cadre's educational level and professional competence. The Party leaders frequently reiterated that the technical experts should be in charge of functional departments and agencies. After 1985, the organizational rationalization became a more and more important solution to the administrative problems. A system of merit-based cadre recruitment, evaluation and promotion was put into effect. As a result, the numbers of China's bureaucratic technocrats had increased a great deal by the late 1980s.

These new elite bureaucrats, however, lack independent social and political sources for their power. Unlike the former Soviet Union, Chinese technical experts never became, at least during the 1980s, a relatively independent group capable of engaging in power struggle with the revolutionary veterans. The old generation of technical experts trained before 1949 was generally not trusted by the Party-state. The new generation trained after 1949 and promoted to leadership positions in the 1980s is obviously not at the same power level with the old generation of the revolutionary veterans. The possibility of bureaucratic elite transformation from revolutionaries to technocrats in China seems not to depend on how much the latter can challenge the former, but depends on who, among the old generation of revolutionary veterans, would play the role of "technocrat patron" to promote those technocrats into leading positions and encourage them to take responsibility in the administration. The replacement of the revolutionary elite by technocrats depends upon the role of technocrat patron being played by a paramount leader or another dominant leader at the top level (Table 6.1).

New elite bureaucrats who were promoted on the basis of their professional competence and merit also had to learn to live with their environment. At the beginning, many of these new-style bureaucrats were promoted because the incumbent leaders needed to fulfill their quotas set by the central leaders. In many cases, the new technocrats were not delegated full authority to do their job because the veteran cadres did not want to give up their power. After they retired or were transferred to institutions along the "second line or third line", such as the people's congresses, the Political Consultative Conferences, and the Advisory Committees, many of these veteran cadres still had power or influence over the leading affairs in their units. New

Table 6.1 Progress of the retirement and promotion, 1983–1991

By the date of reporting	Total retired veteran cadres	Total cadres promoted to county level or above
July 1983	238,000	
The end of 1984*		195,000
February 1985	900,000	
July 1985	1,080,000	200,000
July 1986		469,000
December 1986	1,370,000	
July 1987		500,000
June 1988	2,870,000	550,000
Mid-1991	3,400,000	640,000

*End date of the survey

Sources Zugong Tongxun, from 1983 to 1988; Liu, *The Great Events of Party Organizational Work*, p. 249; and Su Yutang et al., *Zhongguo Renshi Zhidu Gaige Yanjiu Baogao*, p. 72

bureaucratic elites had to play two different roles—being the good listeners to the veteran cadres they were forced to be, and being the innovators and reformers they were supposed to be.

The policy process of cadre rejuvenation and professionalization in the 1980s demonstrates the importance of political control and stability as a value determining personnel recruitment patterns. Although many reforms had been carried out in the cadre management system, the reins of the bureaucratic elites recruitment were constantly grasped in the hands of the Party through its organizational departments at all levels. The Party leaders, through the Party organizational system, maintained the structural elite arrangements and controlled the recruitment channels; they merely varied the selection methods in response to the changing socioeconomic and political requirements.

Political loyalty was still an important criterion for the selection and promotion. Although Deng's new criteria for bureaucratic recruitment included political loyalty, being younger, being better educated, and more specialized, political loyalty was frequently required to take precedence over the rest of the "four requirements". According to these criteria, the new bureaucratic elites were not only to have more knowledge and more professional training, but also to firmly support the Party's general line and policies since the Third Plenum. Technical knowledge could not by itself serve as a power base for Chinese technocrats. Persons with technical credentials and experience will succeed more often than those without them only if they have the same political affiliation and degree of loyalty. With this strategy of bureaucratic recruitment, the Party leaders succeeded in safeguarding the position of elite bureaucrats against possible encroachment from Leftists and also from technocrats who preferred the Western democracy, or, well-known as "bourgeoisie liberalization".

However, loyalty as a criterion for bureaucratic elite recruitment has many obvious weaknesses. Although it may solve the problem of administrative opposition,

replacement of leading cadres on the basis of loyalty may come into conflict with merit-based criteria. This was exactly the case in the early period of the reorganization of leading bodies between 1982 and 1985. The criterion of loyalty also encouraged the patron-client relationship and let the self-interest or patron interest dominate leadership selection and appointment. Two basic reasons made the criterion of loyalty much easier to be converted to the patron-client relationship between particular superior and subordinates. First of all, the criterion of political reliability was very ambiguous and was difficult to define accurately. In most cases, the implementers tended to explain the criterion on the basis of the patron-client relationship. Second, since the leaders in Party Committees played dominant role in approving or rejecting the selection and appointment, they could easily use the criterion of political reliability to create their patron-client network. This might be the key reason why the corrupted patron-client relationship in recruitment has never really stopped since 1982. In the long-term perspective, the loyalty criterion might well obstruct the bureaucratic development of a rational state. As Bernard S. Silberman has observed, loyalty as a test for administrative capacity could cause difficulties in attempting to reach "uniformity of decision making and implementation, organizational continuity, leadership selection and appointment, and the publicness and predictability of leadership."[31] For all of these reasons, the result of the bureaucratic elite transformation in post-Mao China by the end of the 1980s was still far from a rational bureaucracy.

6.6 Conclusion

After theoretically and empirically examining the dynamics of the bureaucratic elite transformation in post-Mao China, three theoretical assertions can be made. First of all, elite transformation is determined not only by the requisites of socioeconomic change, but also by the political interests of the incumbent political leaders. In a highly authoritarian society like China, the top political leaders' perceptions and political needs are more important than socioeconomic factors in determining elite change. The possibility of elite rejuvenation and professionalization mainly depends on political decisions concerning the top leaders' political needs and interests rather than an automatic response to social evolution or requisites of modernization. Thus, elite turnover in authoritarian regimes follows imperatives different from those that are marked as more open systems.

Second, elite transformation, which is dominated by the incumbent political leaders, is the result of a policy process in which packages of policies aimed at elite circulation and replacement are made and implemented. Due to bureaucratic resistance, dysfunctionalism, factionalism and parochialism within China's political and institutional structures, the achievement of elite transformation in the direction of rejuvenation and professionalization must rely upon a strong top leadership and a

[31] Silberman (1993).

reliable mechanism for ensuring the dependability and efficiency in policy implementation. Thus without a strong top leadership and powerful organizational mechanism, power transfer in an authoritarian system cannot be guaranteed because of difficulties in policy execution.

Third, as the strategies of cooptation are decisively determined by the Party leaders, and as the implementation of transformation policy is dominated by party organization, the outcome of such elite cooptation and transformation would inevitably be oriented toward the Party's political goals and needs. Thus, despite a goal of creating a technocratic bureaucracy, this apolitical objective is easily undermined by the political nature of the implementation process itself.

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Chapter 7
Experimental Reform of Grassroots Democracy Under the Party-Controlled Cadre System

The experimental reforms of grassroots democracy implemented by local Party organizations have given a second wind to the traditional system of cadre selection and appointment, as well as the personnel management system. Various local grassroots democracy reforms are planned and initiated by the local Party organizations, including recruiting parts of official posts by open examinations and democratic elections at country-level cities. These phenomena have inspired further discussion about reforming China's cadre management system.

This chapter first provides a general summary of the organizational purpose and the attributes of the Party-controlled cadre system. Secondly, it will present the disadvantages of the selection and appointment of cadres in recent years. The third section discusses the policy basis of reforming the traditional cadre system together with several local practices. The fourth section argues the characteristics of the experimental political democratic reforms as well as the impetus of local Party organizations. The last part summarizes the pluralism of cadre motivation mechanisms as well as the logical relationship between the space of institutional innovation and selective independent reforms at local level.

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7.1 The Organizational Purpose and Attributes of the Party-Controlled Cadre System

The CPC's cadre and personnel system operates on a Party-controlled cadre system (*dang guan ganbu*), which means that, first of all the leadership and organizational organs have the right to appoint and manage cadres.[1] The leadership organs have the right to establish the political criterions and policies of cadre appointment and to decide on the appointment of important cadre personnel, while the organization departments are responsible for the specific work of cadre personnel management. Secondly, the premise that the Party is responsible for the control of cadres refers to classification management and appointment of cadres at all levels, not only those CPC members in government organs, but also non-CPC member cadres engaged in education, academic research, and party affair cadres and administrative staff without CPC member identity working at enterprises, streets and countries.

The Party-controlled cadre system is implemented by classification management. The CPC Central Committee, the highest organ of the Party, is the highest constitutor and the interpreter of the lines, principles, policies, laws and regulations. In regard to the selection and appointment of cadres, the senior leadership organs have jurisdiction over junior ones. Party committees at all levels follow the "one-level-down" principle to appoint and supervise the Party and government cadres, including selecting and appointing the subordinate chief executives of the Party and government, adjusting the subordinate leadership of the Party and government, recommending the leaders and department principals of the People's Congress, government and the judicial branch to the People's Congress at the same level as well as recommending corresponding leaders to the Chinese People's Political Consultative Conference (CPPCC), deciding the non-leadership cadres at the corresponding level. Party committees at all levels are responsible for subordinate cadres' unified recombination, education and training, examination and appraisal and employment.

The Organization Department of the CCCPC and that of the local Party committees are functional departments of cadre management. They are responsible for specific cadre personnel management, executing the lines, policies and relative laws and regulations of cadre management. Under the leadership of the Party committee at the same level, the Organization Departments at all levels can provide suggestions of making specific cadre policies and cadre management schemes, propose the suggestion for nominations and dismissals, and take charge of the daily work of cadre management within their legal jurisdiction. The daily duties are composed of evaluating, adjusting and educating the cadres under management, selection of reserve

[1] The term of Party-controlled cadre system comes from usage in the former USSR and consists of lists of leading positions over which party units exercise the power of appointment and dismissal, lists of reserve candidates for those positions, and rules governing the actual processes of appointments and dismissals. Through its Party-controlled cadre system, the CCP exercise control over who attains leading positions not only in the Party, but also in the government, legislation system, judicial system, school and universities enterprises, research establishments, religious organizations, and so on. That means all positions of real importance in the country fall under the CCP's nomenklatura system. See the detail in Burns (1987).

cadres, readjustment of leading bodies, preparing and coordination of the cadre evaluation documents for discussion, releasing the notice to appoint and dismiss, archive management, inspecting, guiding and supervising subordinate Party Committees and Organization Departments' cadre work, Party member recruitment and education, membership dues management, Party membership management and ideological and style education of the leadership bodies of Party organizations.

The basic purpose of the Party-controlled cadre system can be summarized into three aspects. The first one is to consolidate the CPC's ruling status. Firstly, as a basic principle for cadre personnel management, it is essential that the Party Committees at all levels are responsible for unified administering the selection and appointment of cadres. The authority of selecting and appointing cadres cannot be shared with and separated by other parties, groups and organizations. The leaders of CPC at different periods have viewed the right of appointment as the guarantee of maintaining its ruling status and leading both the state power and social life. Consequently, the Party-controlled cadre system has been specifically highlighted as the CPC's basic organizational line. Secondly, the Party assimilates extensively from the society or chooses, appoints and promotes various leading cadres from the Party's organizations. The ultimate appointment should be subject to the Organization Department's training, evaluation and supervision at all levels and then is determined by the higher-level's recognition, appointment or recommendation. Generally speaking, the work performance and political loyalty of the cadres are the criteria for judging whether they can attain the recognition and appointment from the higher-level leaders. Not only does this assure that political dissidents are excluded from the leading positions but also that the leadership of the local Party committees, government agencies and public-sector organizations is controlled by the trusty cadres. Thirdly, the Party Organization absorbs most of the elites from the society into the Party and government agencies in the form of the recruitment of the CPC members and the Party and government cadres. Afterwards, the elites are brought into the rigorous party system under the premise that the Party is responsible for the control of cadres, thus achieving the Party's monopoly over a majority of the social elites.

The second aspect is to compel cadres to obey the Party's central work. The Party's personnel work involved the training, selecting, evaluating and appointing the cadres in accordance with CPC's basic lines, principles and policies at a certain stage of its development. The main purpose is to provide CPC with enough qualified cadres who are in correspondence with various requirements of the Party to implement the Party's central work in time. The Party's central work varies with the periods and regions, which requests the cadres to work around it.

The third aspect is to maintain the political authority of the leaders and the highly centralized inner-party leadership system. The fundamental organizational principle is that "individual Party members are subordinate to the organization, the minority is subordinate to the majority, the lower Party organizations are subordinate to the higher ones, and all the constituent organizations and members of the Party are

subordinate to its National Congress and Central Committee."[2] To keep a high centralization and unity of the Party, Organization Departments would evaluate the performance of both the members and the cadres of the Party regularly, which includes whether they can keep a high degree of unity on the major issues with the Central Committee of the CPC and subordinate to the Party organization, whether they can ensure the Central Committee's lines, principles, policies and the national laws and regulations are carried out without failure.[3] All the cadres who were not considered to be carrying out the decisions of higher levels seriously will be exposed to critique, warning, punishment and even dismissal. Hence, CPC has achieved its highly concentrated inner-party leadership through controlling the cadres organizationally. Meanwhile, the high degree of concentration easily turns into an individual authority-centered system.

7.2 Deficiencies in the Traditional System of Selection and Appointment of Cadres and Disadvantages in Operation

Firstly, under the traditional cadre system, a tendency evolved of depending on the individual chief executive because the political criterion was significant to the selection of cadres. This phenomenon was not only the outcome of the specific circumstance of revolution but also the inevitable consequence of the highly concentrated jurisdiction of the cadre management system. It means that in order to maintain a high degree of unity in the CPC's leadership system, the political qualification has been the principal requirement for selection and appointment. The political qualification, however, is always too vague to evaluate the candidate's performance and could be modified easily, thus making it difficult to be judged objectively in implementation. Therefore, "political criteria could be easily diverted from being loyal to the Party to being loyal to the leaders, thereby encouraging the growth of political patronage, which further influenced the selection and appointment of cadres."[4] Although the organizational principles require that cadre appointment should be decided through collective discussion, the lack of institutional guarantee in practice usually resulted in the concentration of cadre personnel right in the Secretary and the Deputy Secretary of the Party Committee, and in the chief executive in particular. As a result, collective leadership always eventually became the major leader's individual determination. On the other hand, the actual cadre selection procedure still retained an unwritten prescription of "the leading body nominating candidates". The high-level

[2] *Constitution of the CPC*, Chapter 2, Article 10, see *Selection of Inner-party Regulations of the CPC (1978–1996)*, Beijing: Law Press, 1996, p. 10.

[3] *Decision on Several Significant Issues Concerning Strengthening the Party's Building of the CCCPC*, Beijing: Law Press, 1994, p. 116.

[4] Xu Xianglin, "The Elite Transformation and the Rejuvenation of Dependent Technocratic in Post-Mao China," No. 6, *Strategy and Management*, 1001, p. 74.

leaders or the leaders who leave their posts have the priority to nominate their succession. Consequently, cronyism and high-level leaders' personal preference dominate the selection of cadres. Meanwhile, in order to get a promotion, the subordinate will try every means to build interpersonal relationship with the high-level leaders thus forming the political patronage network from the bottom up, which undoubtedly is the hotbed of corruption and forming cliques to pursue selfish interest.

Secondly, the traditional Party-controlled cadre system requires the rule of confidentiality within the procedure of selection and appointment of cadres. The decision-making process of cadre appointment and removal has long been considered the Party's organizational secret, which cannot be divulged to the public upon the expiration of the period for guarding it. The rule of confidentiality has become a significant work institution for the Party and must be abided by the personnel cadres. It embodies in the following three aspects. The first principle is to guard the secret about the procedure of cadre selection, which means that if there is a vacancy, only did the chief executives of the Party and the government and the officials from the Organization Department know about the list of nominees, any divulgence of which beforehand would be taken strict precautions against. The second principle is to guard the secret about the cadre evaluations, both routine ones and those taken before promotion are included. Generally, the results are exclusively known by the leaders of the Party Committee and the staff from the Organization Department rather than publicizing to the nominees and others. The intention and conclusion of the cadre evaluation for promotion cannot be divulged in particular. The third principle is to guard the secret about the list of cadre candidates nominated by the People's Congress at same level, which means that the People's Congress is entrusted to guard the secret of the nominees before its assembly. The rule of confidentiality is formulated for two purposes. The first one is to prevent the nominees from illegal campaigns. For instance, in order to fight off their rivals and substitute for their place, some cadres have sent anonymous letters to the higher Party Committee to impeach their peers and fabricate facts to attack other nominees before cadre evaluation within the process of selection and appointment. In other cases, the subordinate officials would fake outstanding performance for the nominees because if they were promoted, they can fill the vacancies. The high-level Party organizations thus implement a rule of confidentiality to reduce illegal measures that interfere with cadre selection. The second purpose of the rule is to assure the candidates nominated by the Party Committee to be elected successfully through legal election procedure. To avoid losing the election, the procedure of evaluating and selecting the candidates must follow the rule of confidentiality, and the results would not be available until official election assembly. Therefore, the methods are not only guarding against illegal campaigns, but also the deputies' adverse argument over the nominees. If announcing too early to the public, the election deputies would have abundant time to develop extensive dissension to influence the results. Regardless of the purposes of the rule of confidentiality, it would result in the lack of transparency within the process of cadre election and appointment. Moreover, some unqualified cadres or even those who break the law and disciplines and commit corruption and degeneration may attain promotion through the rule of confidentiality.

Thirdly, the Party-controlled cadre system will periodically issue an order to allocate cadre positions at all levels according to rigid quota and indexes. If the political lines or the central tasks have undergone critical changes, the configuration of leadership cadres should take corresponding adjustment too. In this case, the Central Committee will usually alter the configuration of leadership cadres on a large scale, through constituting unified and new criterion for cadre appointment together with issuing the rigid quota and indexes top-down. For instance, in the 1980s, to adapt to the transformation of the Party's political lines, the Central Committee enacted new policies of cadre recruitment to make the ranks of cadres more revolutionary, younger in average age, better educated and professionally more competent. The policies have prescribed several rigid criteria, such as political qualifications, age restrictions, educational attainment and professional competence. By executing the new policies top-down, the Central Committee of the CPC re-allocated leadership cadres at all levels in 1986. In the 1990s, for example, in order to prepare for the new round of younger cadres, the Central Committee conceived of a strategy of "cultivating trans-century leader experts". The Party organizations chose numerous young cadres from the provinces, countries, enterprises and the local as the reserve cadres and fostered them with specific direction. After executing the cadre tenure system of office, the Organization Department of the Central Committee had prescribed other rigid criteria of allocating cadres periodically within every round of the shift of cadre's tenure and the reform of cadre personnel system, including the limitation and match-up of ages, the proportion of women cadres, minority cadres and democratic party cadres, as well as educational background requirement. Consequently, the mode based on a unified criterion to allocate leading cadres will allow no flexibility in the policy result. Furthermore, it is inevitably to prohibit the local party organizations from allocating cadres initiatively.

Therefore, the institutional disadvantages of the Party-controlled cadre system would bring various drawbacks to the practical process. The crucial drawback was how to effectively restrain corruption. Since the 1990s, cases concerning the Party and government leaders who break the law and disciplines and commit corruption and degeneration have kept increasing. However, most of the officials are selected and promoted into the leadership system by the Organization Department of the Party via the Party-controlled cadre system. In a sense, the current procedure of selection and appointment cannot effectively prevent the production of corrupt officials but rather encourages the continuation of this atmosphere. In fact, the leaders who possess the right of appointment at all levels and the Organization Departments cause the corruption of personnel management system owing to the lack of effective restriction. Furthermore, phenomena such as craving official positions and buying and selling official positions are still pervasive. Some local party committees have even appointed several officials with severe political and economic problems. Although the Central Organization Department constantly required the local officials to abide by the regulations and procedures of cadre appointment and to avoid corruption in recent years, the unhealthy tendency and corruption within the personnel management still exist because of the malfunction of actual supervision mechanism and the lack of corresponding institutions. According to some major personnel cases in

recent years, the phenomenon of forming a clique to pursue selfish interests is still serious and frequent among local officials.

The second drawback of the traditional system is the difficulty of allocating the experts rationally. One of the main reasons of the principle of four "musts" policy (i.e., make the ranks of cadres more revolutionary, younger in average, better educated and professionally more competent) in the 1980s was to foster and select numerous cadres who support the reform and opening up policy and possess excellent leadership competence and management talent. However, many professional cadres could not be assigned to their specialized fields since political qualifications were applied to all as a prerequisite within the actual process. Moreover, the ambiguity of political qualification is so universal that it turned loyalty to the Party to loyalty to the leading cadres. The individual loyalty and the interpersonal relationship with the high-level cadres have therefore become the actual political criterion to measure their performance. Meanwhile, the focus on cadres' political experience has made it difficult for many excellent experts to raise the Organization Departments' attention.

The third drawback of the traditional system is that the Party Organization and the Executive Department have a confused mandate over personnel power, which has caused disputes between the Party and the government. The 13th National People's Congress proposed the principle of distinguishing the functions of the Party and government in order to push forward the reform of political institution and the modernization of administration management. The implementation of distinguishing the functions between the Party and government has boosted the governments' independent decision-making power as well as the autonomy of administrative personnel power. Since the 1990s, the improvement of the People's Congress System and the implementation of the civil service system have contributed to the adjustment of the Party-government relationship to some extent. On the one side, the election system of the People's Congress has had a major impact on the appointment of the government's chief executives at all levels. On the other, governments have reinforced the jurisdiction on a contingent of civil service cadre in personnel management. Nevertheless, based on the Party-controlled cadre system, it is the Party Committee at all levels and the Organization Departments that have substantive jurisdiction of cadre appointment to maintain the ruling authority of the Party despite an absence of rational division of power between political officials and executive officials. The overlap of jurisdiction between the Party taking control of cadres and the governmental civil service system—together with the confusion between power and responsibility—cause interpersonal friction among leaders on the issue of the Party and government personnel appointment. The friction and contradiction among leaders are often informal, but for more severe cases, the split in leading bodies could affect the government work and administrative efficiency considerably. Hence, the means to prevent this conflict from deteriorating the leadership as a whole has been limited to the removal of cadres from their original positions.

7.3 The CCCPC's Reform of Cadre System and Local Experimental Democratic Reform

In view of the above-mentioned drawbacks of the traditional cadre system, the central government has carried out institutional reform on cadre appointment. The Central Committee of the Communist Party of China (CCCPC) has enacted Regulations on the Selection of Leading Party and Government Cadres (Tentative) [Dang Zheng Lingdao Ganbu Xuanba Renyong Gongzuo Zanxing Tiaoli] in 1995, with an aim towards providing a solid institutional guarantee for the selection and management of cadres, specifying the operation of cadre appointment system and eradicating corruption and unhealthy tendency in the cadre appointment. In addition, the CCCPC ratified The Programme to Deepen the Cadre Personnel System Reform (Shenhua Ganbu Renshi Zhidu Gaige Gangyao) in June 2000 which stipulates the orientation of cadre personnel reform from 2001 to 2010. According to the *Programme*, "expanding democracy, introducing competition mechanism" are stressed by the reform of which the purpose is to avoid and overcome the unhealthy tendency of cadre selection and appointment.[5] Finally, in July 2002, based on the former personnel work experience, the new Regulations on the Selection and Appointment of Party and Government Leading Cadres (Dangzheng Lingdao Ganbu Xuanba Renyong Gongzuo Tiaoli) was published, which provided a legal regulation and institutional authority for cadre personnel reform.

The Regulations on the Selection and Appointment of Party and Government Leading Cadres has been the most comprehensive and systematic institution of this field ever. The document has not only clearly claimed the guiding thoughts, fundamental principles and criteria but stipulated the substantive and procedural stages for the selection and appointment of leading cadres. Compared with traditional cadre appointment system, the characteristics of the new Regulations are listed as follows:

First, democracy has been expanded in cadre appointment. The Regulations has posited four requirements for the recommendation, investigation, deliberation and supervision of cadre appointment. The first one is to require expanding democracy in recommending cadres. The new Regulations elaborate on ways to "democratically recommend", without this process, candidates could not be nominated except in the event of those recommended by Party organizations. The second one is to require expanding democracy in investigating cadres. The Party Committee should have extensive consultations with the massive and build early warning system for cadre personnel management. The third one is to require expanding the democracy in making decisions through discussions. The Party Committee should ensure that the attendance have enough time to debrief the introduction of candidates and make collective decision in the forms of voice vote, raising hands or secret ballot through thorough discussion. The fourth one is to require expanding the democracy in supervising cadres. The Party Committee should apply a publicity system before appointment as well as receive masses' supervision to gain respect and support from

[5] *Selection of Inner-party Regulations of the CPC*, Beijing: Law Press, 1996, p. 263.

the public for promoting the cadres under the bureau level. Meanwhile, the Party Committee and the Organization Department should also accept masses' supervision during selecting and appointing cadres. The subordinate agencies, the CPC members, cadres and masses are entitled to report and appeal about the breaking of law and discipline to the higher-level Party Committee, its Organization Department (personnel) and Discipline Inspection Committee (supervision). The agencies which received the appeals and complaints should check and handle the issues seriously.

The second view claims that supervision has been strengthened in cadre selection and appointment. The Regulations stipulated measures to improve the supervision system of personnel management. Specifically, the Organization Department (personnel management) should not only supervise the selection and appointment of cadres and situation of enforcing the Regulations but also voluntarily accept the inquiry of the Party Committee and the public. The subordinate Party members, cadres and the masses are all entitled to report and appeal about the breaking of law and discipline to the higher-level Party Committee, Organization Department (personnel) and Discipline Inspection Committee (supervision). The agencies which received the appeals and complaints should check and handle the issue accordingly. In addition, the Regulations proposed a joint conference between the Organization Department (personnel) and Discipline Inspection Committee (supervision) together with a responsibility-ascertained system for selection and appointment of leading cadres. The higher-level Party organizations should not only reject the appointment of cadres who have broken the rules but also rectify their misbehavior. Furthermore, the main liable persons and other directly liable persons would be given an administrative sanction or discipline punishment from the CPC according to how serious their mistakes are on the selection of cadres.

The third statement argues that the new Regulations reinforced and encouraged institutional innovation. They have introduced public selection, competition for positions, publicity system before appointment and Probation system during it. The cadres who have reached the expiration of their tenure of office or retiring age, along with those who have been evaluated as "incompetent" by over 1/3 of the voters through annual assessment and democratic opinion poll should be removed from the in-service posts after the Party Organization's appraisal. In addition, there have been provisions established for leading cadres' resignation system, including resignation for public duties, voluntary resignation, blame-taking resignation and ordering resignation. The demotion system requires those who are incompetent or not suitable for the in-service posts should be demoted to lower-level posts. The appointment system could be applied to several cadre posts with high specialty. The probation system shall be applied to the cadres promoted to a post under the Department-Bureau level without election. They will be either transferred to official posts or removed from probation posts after one year.[6]

Since the publication and implement of the Regulations on the Selection and Appointment of Party and Government Leading Cadres in 2002, various local Party Committees have instituted the reform of cadre appointment accordingly. They

[6]Organization Department of the CCP (2002).

applied the Regulations to their experimental reform and chose specific field, content and extent for the reform based on their local conditions. Several local Party Committees have carried out open democratic recommendation and competitive election at different levels and ranges, while the others select mayors and the Chief Executive of township government by examination. For instance, the city of Suihua, Heilongjiang Province, started to reform the cadre recommendation. Hence, extensive democratic recommendation has become the focus of attention, and single-candidate election has been replaced by competitive recommendation, anonymous ballot, accounting ballot on the spot and holding competence test for political theory level.[7] Yangzhou of Jiangsu Province has held open examination for selecting mayor as an experimental unit at Jiangdu.[8] The country Party Committee of Huxian of Sha'anxi Province exerted the system that the head posts of the Party and government at township and country level are nominated by the Standing Committee of the country Party Committee and voted by the whole country Party Committee. It has appointed 48 head posts at township and county level and chose 10 Chief Executive of township government as well as 4 Deputy Leaders of Public Security, People's Procuratorate and People's Court by competing for vacant positions.[9] The Party Committee of Meishan City of Sichuan Province has appointed and removed 3088 cadres through voting by the Standing Committee of the Party Committee of the city and the country from the first half of 1999 to the end of 2002. The Sichuan Province Committee of CPC has instituted three regulations on selecting and appointing cadres by voting consecutively in 2003. These documents stipulate clear criteria for the vote of cadres at the provincial, municipal and country level and for major decision-making by local Party Committee. So far, voting for the selection and removal of cadres have been transformed from an experimental unit to thorough implementation.[10] At township level, the experimental reform to vote for the chief executive has been put in place at Sichuan, Hubei and Henan Provinces.[11]

7.4 The Causes and Incentives of Local Experimental Democratic Reform

The traditional selection and appointment of cadres are conducted under the Party-controlled cadre system. The Organization Department of the Party Committee administers and fosters the Party-government cadres in a relatively close and secret operational procedure. Hereby, only could the higher-level Party Committee have the authority to make final decision about the appointment, removal and dismissal

[7] Wang (2003).

[8] "The Mayor Selection Broken Free from Convention by Examination Cross the Jiangsu Province in Jiangdu," *Xiaoxiang Chenbao*, 7 July, 2003.

[9] Si (2003).

[10] Tang (2003).

[11] Huang and Zou (2003).

of cadres. Compared with the Central Committee and government, the local experimental democratic reform of election of grassroots cadres undoubtedly expanded the democracy and bound of participants and enhanced the transparence of election. Notwithstanding, the experimental reform did not aim at overthrowing the Party-controlled cadre system, nor replacing the practical system of cadre selection and appointment. Their intention is to improve the system and resolve the drawbacks mentioned above instead of substituting the presupposition.

First of all, local experimental democratic reforms are propelled by the national policy established by the Central Committee of CPC. The leaders of CPC have insisted on emphasizing the importance of political democracy during the incremental political reform. The political report of the 16th National Congress of the CPC has proposed expanding socialist democracy, developing diverse forms of democracy, extending democracy at the grassroots level, improving the Party's style of leadership and governance and tightening the restraint on and supervision over the use of power particularly in the section of "political development and restructuring" and "Party building" of the report. Thus, demands mentioned above have provided an ideological base for legitimacy of the reform. The Regulations on the Selection and Appointment of Party and Government Leading Cadres constituted by the Organization Department, CCCPC stipulated clear criteria and principles prescribed for the specific institution reform. The local experimental democratic reform, actually, was propelled by the Central Organization Department. For example, Meishan of Sichuan Province is the monomial experimental unit ratified by the Organization Department to implement national cadre personnel reform. Meishan is also the comprehensive experimental city of Sichuan Province for cadre personnel system, which is characterized by the anonymous ballot at the city, district and country level to decide the appointment and removal of cadres.[12] Buyun Township, Suining City, Sichuan Province, has held two elections for the chief executive of the township governments in 1998 and 2001 respectively. Nanbu County has recommended and elected 178 deputy chief executives of the township governments in its 79 townships in the end of 1998. From 1998 to 1999, in the City of Mianyang, the chief executives of the township government were directly nominated and elected by the deputy of the township people's congress. These were carried out under the careful arrangements of the Party Committees and Organization Departments at the county level.[13]

Second, local political democratic reform is performed by local Party Committees under the Central Committee's guidance and specific conditions. I argue that the reforms on grassroots political democracy in China are experimental. The reasons are as follows: First, the local reforms are oriented by the Central Committee's policy and instruction instead of a unified mode and prescription top-down. Second, the local Party Committees are entitled to choose from various contents, modes and schedules. Except for those listed as the experimental units, no act of the local Party Committees is permitted. Third, the local Party organizations can engage in institutional innovation as long as they abide by the Central Committee's instruction.

[12] Tang (2003).

[13] Huang and Zou (2003).

Meanwhile, the Central Committee shall encourage or acquiesce to the local Party Committees so that they could attain some space for innovation. Fourth, the local reform is put through by setting several institutions or districts as experimental units, while districts under other administrative jurisdictions remain unchangeable. These experimental units can establish specific policies which are restricted to themselves. The promotion or termination of the policies is decided by leading Party organizations. These policies are different from those carried out under the unified instruction and criteria by the Central Committee. Consequently, local Party organizations will exhibit distinct behavior style and incentives. For instance, their incentives to compulsive reform are focusing on accomplishing the aim of the policy and actual indexes. Moving towards experimental reforms means that local Party organizations are engaging in institutional innovation and could probably gain recognition from the high-level Party leaders.

Third, local political democratic reform is enforced by the local Party organizations' elaborate plan and arrangement and is controlled by the high-level Party organizations throughout the reform. The selection of experimental units, the policy, strategy and arrangement as well as the condition and criteria are all discussed and decided by the high-level Party Committee and then carried out by the Party organizations at the same level. There are three means of selecting and appointing cadres in the experimental reform, including open examination and basis of merits, public recommendation and selection by voting, combination of examination with voting. Regardless of the specific mode, it is the Party organization that constitutes directly the concrete policy and selection criteria. The content of open examinations, criteria of scoring and the prerequisites of candidates are set by the Party-controlled cadre system and the current cadre appointment criteria.

Therefore, based on the CCCPC's policies, local political democratic reform is using the institutional precaution and institutional correcting as a point of departure with regards to problems of local cadre selection and appointment. Moreover, the experimental reforms are characteristics of the incremental reform of Chinese politics. Different from the four "musts" for cadre appointment in the 1980s (i.e., where the CCCPC drew up unified criteria and schedule, and required the Party Committee to accomplish rigid tasks at stated times), the CCCPC has granted more opportunities and space for local Party Committees' institutional innovation in the latter part of the 1990s.

The Central Committee's policy and principle for expanding grassroots democracy are consolidated at each local-level Party Committee. Thus, the institutional innovation space is not remarkably different, since it is decided by the high-level Party Committees' attitude. In other words, as far as they are not set against it, the local Party organization can still maintain appropriate space to conduct institutional innovation even though the high-level Party Committees' attitude is vague towards the reform within the current political circumstance. (The experimental reform of direct election of Chief Executive of Township at Yunbu, Suining, Sichuan Province, was conducted in 1989 when the high-level Party Committee is ambiguous towards it.) Nevertheless, local Party organizations' attitude to the experimental reform and the choice of content are considerably different. Some local Party Committees have

adopted a no-act posture to wait and see. Some cautiously added open examinations and a publicity system to the cadre selection process. Others executed experimental election without further popularizing it, and some elections were even simply one-off experiments (Dapeng Township in Shenzhen, has practiced public recommendation and election of the Chief Executive of Township in 1998. But after his tenure in office, the appointment system resumed as before.) While other local Party Committees have consolidated the experimental reform and generalized its experience, such as Yunbu County, Suining, Sichuan Province has selected the Chief Executive by direct election, and spread its experience to Nanchong and Bazhong.

Regarding the imbalance of the local experimental democratic reform, one of the fundamental reasons is the gap between the incentive to pursue political achievement and the actual economic conditions. As far as I am concerned, the active participants of local experimental democratic reform are those with poor economic development conditions, such as Sichuan Province. On the contrary, those with better economic conditions performed comparatively more cautiously. These kinds of phenomena are derived from the gap between Party leaders' pursuit of political achievement and the available local resource. Since the 1990s, cadre performance appraisal has been introduced to the reform of cadre selection and appointment. The results of performance appraisal have been one of the most significant references for leading cadres' promotion, remaining in office, demotion or removal.[14] Hereby, performance appraisal has become one of the essential parts of motivation mechanism for leading cadres. Under the political lines of focusing on the economic development, the political performance of cadres is mainly judged by their accomplishing of local economic development indexes within their tenure of office. Generally speaking, economic development indicators are favorable in promoting the cadres from economically advanced regions, because they can often take advantage of local economic development predominance and special policy to develop economy. By contrast, the motivation mechanism would leave the cadres from economically underdeveloped regions in perplexity. With poor economic foundation and conditions, it would be difficult for the local cadres to perform well in politics within their tenure of office, thereby being unfavorable in their individual political development. Moreover, in order to seek faster economic growth, a number of local leaders might blindly imitate the economic development modes of developed regions for the purpose of pursuing personal political promotion despite the lack of necessary conditions. Under these circumstances, inefficient projects that waste money and manpower flood with local economy, causing serious financial losses and social problems. The cadre's short-term actions will counteract their long-range political future.

[14] "The Provision on the Evaluation of Leading Party and Government Cadres (Tentative)," 1998, Article 33: "The results of performance appraisal should be the significant basis for leading cadres' selection and appointment, promotion or demotion, rewards and punishment, training, adjustment of post and wage"; Article 36: "According to the power limit and legal procedure of cadre management, the cadres who were assessed 'incompetent' in the evaluation shall be (I) dismissed the in-service leading post (II) ordered to resign the leading post (III) demoted", see *Selection of Inner-party Regulations of the CPC (1996–2000)*, Beijing: Law Press, 2001, p. 225.

Since the 1990s, there have been various brand-new changes taking place in Chinese politics, for instance, persistent economic development has brought the change of social structure, the differentiation of social class structure, the widening gap between the rich and the poor, the preponderance of the three rural issues and the corruption of local officials in particular. The changes have seriously intensified social contradictions and threatened the political stability. Facing with the challenges stemming from substantive social problems, the central mission of the CPC has transformed from pursuing economic development to polycentric tasks. For example, in the past, the Central Committee's appraisal of the leading cadres above country level was mainly involved in the actual performance such as the economic indicators, economic growth rate and fiscal revenue increasing rate, etc. In 1998, The Provision on the Evaluation of Leading Party and Government Cadres (Tentative) [Dangzheng Lingdao Ganbu Kaohe Gongzuo Zanxing Guiding] ratified by the CCCPC has incorporated the effect of the thoughts, organizations, style and institution building of the Party, building the Party's honest, clean and self-disciplined work style as well as improving education, family planning and comprehensive control of social public order into the leading cadre evaluation.[15] With the view of urging the local Party and government organizations to resolve the existing momentous political and social problems, the Central Committee has stipulated a variety of monomial task for the leading body of local Party Committee. These leading bodies are required to assume full responsibility for the consequences and are applicable for "veto by one vote system". The tendency of pluralism in both the Party's work concentration and assessment criteria has begun to make the simple economy-oriented indicator motivation mechanism divert to a multi-dimensional one. The pluralism of motivation mechanism is undeniably favorable to the leaders with poor local economic conditions because they can create individual political achievement via non-economic reforms, particularly expanding grassroots democracy and reforming the cadre personnel institution. According to the instruction of the Central Committee, they can also establish their political achievement upon local democratic development within the incentive of experimental reform and take advantage of the policy space granted by the high-level Party organizations. Therefore, these local cadres could also pursue their political development and retrieve political advantages despite the innate poor economic conditions.

7.5 Conclusion

In the past few years, the local experimental democratic reform has been an instructive attempt towards expanding the democracy within the process of leading cadres' selection and appointment under the Party-controlled cadre system. Compared to former cadre personnel reforms, the current experimental reform emphasizes expanding

[15] "The Provision on the Evaluation of Leading Party and Government Cadres (Tentative)," 1998, see *Selection of Inner-party Regulations of the CPC (1996–2000)*, Beijing: Law Press, 2001, pp. 218–219.

the inner-party and grassroots political democracy, which reflects the magnification of the openness and participation in the process of selecting and appointing cadres. Meanwhile, it has also strengthened leading cadres' political responsibility. The Party-controlled cadre system is still abided by the local experimental reform. Notwithstanding, the Central Committee has provided people with a new picture about the system. The reforms have made institutional breakthroughs in certain places. The openness of electing and appointing cadres, the magnification of participation and the attempt of designing relative institution have objectively reinforced internal and grassroots political democracy.

Nevertheless, this experimental reform has presented more differences in the mode and framework as well as the strategy arrangement. The purpose of cadre personnel reform in the 1980s was to select large quantities of leading cadres at all levels who meet the requirement of the Party's new basic political lines and policy after the change of it. The reform has been pushed by the leading body of the Central Committee. It has dominated the content, details and institutional design of the cadre personnel system reform and put it in place through imperative disposition top-down. The new leading cadre selection and appointment system reform, however, was developed by local Party Committee distinctively in the form of experimental reform. It is under the leading body's policy guidance and fundamental principle as well as the Central Organization Department's basic institutional assume and procedural requirement. The Central Committee's policy and political guidance provided the local Party Committee with certain legitimacy and space in the reform. Consequently, the strategy of experimental reform has actually mobilized local Party organizations' initiative and creativity in institutional innovation of the current cadre incentive mechanism. Under the circumstances, the leaders and local Party organization should on the one hand study and weigh the situation, on the other take advantage of the resource vantage, such as the economic or social ones. Furthermore, they can positively seek the space for individual political development under the premise that the Party is responsible for controlling cadres via rational institutional innovation. The characteristics and outcomes of the local experimental political democratic reforms were not necessarily as they were assumed to be. However, it did bring about affirmative effect to expand the inner-party and grassroots political democracy via the initiative generated by the local Party organizations' institutional innovation. In conclusion, summary of the successful experience of grassroots experimental political democratic reform as well as the discussion over the institutional conditions for sustainable development contributes to the development of inner-party and grassroots political democracy.

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Chapter 8
Village Governance in China Under the Complexities of the "Three Rural Issues"

Rural self-governance and the "three rural issues" have become two important topics in the study of China's rural areas in recent years. Scholars concerned about village self-governance mainly focus their research on the domestic problems of the form and nature of village self-governance, case studies of village elections, the impact of elections on village governance and rural political development. Scholars who examine the "three rural issues" mainly focus on agricultural development, the burden of rural citizens, and rural stability, as well as the analysis and discussion of the related policy issues. However, the relevance of the issues covered in these two topics is discussed less in depth.

To what extent has China's rural self-governance and villager elections changed the model of village governance over the past two decades? Are the changes that have taken place in the relations between state and rural society substantive or superficial? Why have rural self-governance and villager elections not played a role in resolving the "three rural issues"? What are the challenges posed by the increasingly serious "three rural issues" on China's rural governance system and methods? These questions require us to connect the "three rural issues" with changes in rural governance model. The purpose of this chapter is to explore how rural governance is plagued by the "three rural issues" in terms of the interaction between the rural governance model and rural policy choices.

I argue that at present, the achievements in popularizing and implementing of self-governance at the village level and villagers' elections have not been enough to have a policy impact on the "three rural issues". The main cause of the "three rural issues" is the policy structure that the country has formed that treats urban and rural areas differently and the county-township rural management system that operates at a high cost. Due to the consideration of the overall national development strategy and the patterns of interest that already exist, the structural adjustments of policy at the national level cannot be realized in a short period of time, and the high costs of

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county-township management system can be improved through the viable reform of rural governance models (such as township leader elections and self-governance).

8.1 Village Self-governance, Local Authorities, and Community of Interests

Since the people's communes were dissolved in the 1980s, the governance of villages in China has basically been done through grassroots-level governments at the township level plus village-level self-governance and democratic elections. One popular long-term opinion holds that village self-governance and grassroots democratic elections have promoted the process of democratization in rural areas, and have had a positive impact on the political democratization in China and the political stability in rural areas. Recently, some scholars still believe that due to the system arrangements by constitution and law concerning the self-governance of villagers, the country's administrative power is limited to the government at the township level and that the main body to authorize of the Villagers' Committees shifts from the township government to the voters of the community at village level. This means that the model of the relationship between the traditional state and rural society, characterized by an "ordering-obeying" dynamic, has begun to collapse, and the state's mode of action in rural areas has started to become legalized, contractualized, and policy-oriented. Therefore, the Village Committee actually plays the role of "self-organizing" in rural society and has become the agent of negotiations between rural society and the state, thereby reducing transaction costs between rural society and the state, and naturally increasing political stability in rural areas.[1]

However, there has been controversy over whether village self-governance has truly changed the mode of rural governance. The focus of controversy has revolved around the political quality of rural citizens and state intervention. One view is that due to the extreme lack of knowledge among villagers and government about democratic politics and the government's general interference in the self-governance and grass-roots elections, "the development of democratic politics in the rural areas will be very nonstandard for a long period of time; at present, the system of democratic self-governance in most undeveloped rural areas cannot be overestimated."[2] Other scholars have compared the endogenous and exogenous causes of self-governing organizations and argued that the current self-governance organizations in rural areas and major rules of self-governance, as well as a set of democratic system that includes direct elections, have basically originated from the demonstration and guidance of state power, rather than simply as the result of independent development, and they do not necessarily indicate the nature and degree of self-governance of the village themselves. Villagers' self-governance is still the result of the promotion of state power. Therefore, based on the fact of actual control of the township government

[1] Jin and Wang (2002).

[2] Dang (1999).

over village-level organizations and branches of the Party are above the Village Committees, "the state has not narrowed the scope of control in the countryside but only changed the way of control over the villages—at most reducing the excessive and over-direct intervention in rural social affairs, as changing the mode of economic control."[3] Some scholars also hold a more positive view of government intervention in the formation of villagers' self-governance. For example, Xu Yong investigated the demonstration activities of village self-governance in Dachuan City, Sichuan Province and found that the municipal government played a very important role in the construction of village self-governance and had the five major functions of initializing, mobilizing, guiding, promoting and standardizing, ultimately achieving good results. Therefore, he does not think it is necessary to evaluate China's grassroots democratization process based on general experience and traditional theories. China's democratization process has made unexpected achievements in rural areas with a less developed economy and society, and this is closely linked to the proactive role played by the ruling party and the government.[4] However, when it comes to the impact of village self-governance and grassroots democracy on the prospects of China's political development, most scholars hold a more cautious attitude. Village self-governance, to a certain extent, has changed the supervisory control that political administrative power had over rural areas in the past. With the promotion and standardization of village self-governance, various forces in rural society will be readjusted. Village self-governance organizations, clan organizations, and Party organizations will face a transformation in organizational functions. However, there are still many constraints and resistances to installing direct elections at the township level. The desire to expect direct elections at the county, provincial and national levels is probably too far-fetched, and will be achieved for at least quite some time.[5]

If China look at the question of China's rural self-governance and democratic election from the general idea of development of rural democracy is more of argument over opinions, then it may be more of theoretical and analytical significance to examine the issues from the construction of political authority in the village in the context of its relationship with local social interests. When talk about village self-governance, the issue of its origins involves the right of rural local communities to exercise a certain degree of decision-making and self-management by themselves within a certain space in the national political system. The manifestation of this right actually involves two basic issues that are related to each other. That is, first, how autonomous local governments divide their autonomy in the relationship with the state authority, so as to safeguard common interests within the autonomous body; and second, how the political authority of the autonomous body is generated and operated.

Villagers' self-governance has always played an important role in the protection of common interests in rural areas. In traditional society, the protection of local interests was mainly achieved through local interest communities based on local authority

[3]Mao (1998).

[4]Xu (1997).

[5]Xiao (1999).

and customary laws. The construction of local authority was mainly associated with internal common interests, but was separated from the official authority of state power.[6] After China's entrance into the process of modernization, common interests communities in traditional society began to be eroded by national administrative power, a situation of "single-track politics", claimed by Fei Xiaotong, emerged. A tendency of "bureaucratization" was observed in local authority, and its relevance to common interests of local society has gradually decreased.[7] After the founding of the People's Republic of China, the rebuilding of local governments wholly incorporated local authorities into the system of state administrative authority. The penetration of the state into rural society has been aggravating. The state has implemented a series of rural social reform movements in every corner of the country through a powerful mobilization system. With changes in the source of authority and the complete separation of authority and communities of common interests, the local authority in the traditional sense ceased to exist. Especially after the introduction of People's Communes in rural areas in 1958, the penetration of administrative authority in rural communities has grown exponentially. As a new form of grassroots political organization, the commune concentrated almost all the activities of production, operation, residence and relocation in the hands of state administrative authorities. Under the pattern of social production organization characterized by "political and social unity" and the principle of "three levels-owned, production team-based", the People's Commune helped push the administrative control system within the state administrative authority to be implemented in all areas of rural life, and politicized all the contents of rural activities, which became bound by administrative authority. Local authority has since actually become the agent of state administrative authority and serves the goals of national development. The function of local interest protectors has been withdrawn to an extremely narrow existence under the constraint of the interest distribution rules of "first the state, then the collective, and then the individual".

Since the beginning of the implementation of village self-governance and grassroots elections in rural areas, the state administrative authority seems to have shrunk upward from the grassroots level to the township level. The source of authority at the village level also seems to have shifted from the state administrative authority to the degree of recognition of all villagers. Grassroots elections have at least formally changed the simple appointment of village cadres by higher-level governments. Changes in authoritative sources will undoubtedly lead to the development of village-level decisions on the demands of local common interest communities. In terms of decisions about the distribution of benefits among villagers, the scope for participation in decision-making discussions has been widened and the agenda-setting process for decision-making has gradually gained the attention of all parties involved.[8] These

[6] See Chen (1992).

[7] Fei (1994).

[8] On October 14, 1998, "The Resolution of the CPC Central Committee on Several Major Issues Concerning Agriculture and Rural Work," which was passed at the Third Plenary Session of the 15th CPC Central Committee, emphasized the importance of improving village self-governance: "The key point is to establish and perfect the democratic election system of village committees.

shifts have undoubtedly changed the ways in which villages are governed, to a certain extent. However, due to the fact that the authority of village-level administrative organizations is virtually limited by state administrative authority, the role of village committees in safeguarding local common interest communities is thus very limited.[9] At the same time, It can still be found that the transfer of sources of authority at the village level is not complete, based on a case study of a large number of villagers' elections. In the formation and operation of village-level power, the village branch of the Party still occupies the core of the village-level power structure, and holds the actual decision-making power over village affairs. Since the village committee must assume the administrative affairs assigned by the superior level of government and assume some functions of government, its authority still depends on the support of the Party and government organs at higher levels. More importantly, the Party and government organs at the county and township levels have a specific guidance power in village-level elections and have the real ruling power over controversial decisions. Under these conditions, if the elected village cadres cannot obtain support of township authorities and support of the Party branches, their status of authority will remain unstable. Other structural constraints also exist in the development of village self-governance and democratic elections. For example, individual voters participate in elections and the process of democratic supervision merely as villagers, who do not have the legal status of national citizens. Their rights and responsibilities are limited to rural communities and there is a lack of contact with other relevant communities. The overall impact of such small-scale, decentralized elections on rural governance system arrangements is extremely small. As some scholars have pointed out, "if the elected rural authority still runs the village according to the original method, the election merely increases the legitimacy of the new authority. There is no institutional

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Villagers' meeting or villager representatives' meeting should be the main form of the democratic deliberation system, as well as a democratic supervision system featuring the open disclosure of village affairs, democratic appraisal, and regular reporting work by villagers' committees…to promote the institutionalization and standardization of village self-governance." See volume edited by the CPC Central Archives: *Selected Important Documents Since the 15th National People's Congress* (Vol. 1), People's Publishing House, 2000 edition, p. 576.

[9] According to various documents of the CPC Central Committee, the State Council and the Ministry of Civil Affairs on the work of the villagers' self-governance in recent years, the main contents of this work has been to improve the system of making the affairs of the village and government open to the public on a regular basis, i.e., disclosing to the villagers financial revenue and expenditure, family planning policies, homestead approvals, peasant burden apportionments, electricity fee collections, contracting of collective economy projects and other issues. Emphasis has been put on the township Party committees and governments to strengthen the specific guidance of democratic construction to villagers. See on August 5, 1997 the Ministry of Civil Affairs' "Notice on Further Establishing and Perfecting the System of Village Affairs Disclosing and Deepening the Work of Village Self-governance" (compilation by Ministry of Civil Affairs, Grassroots Political Construction Department Village Division: "1997 Rural Grassroots Political Construction Materials Compilation," p. 123), Opinions of the Central Committee of the Communist Party of China and the State Council on Agriculture and Rural Work in 1998, promulgated on January 24, 1998 (CPC Central Archives: *Selected Important Documents Since the 15th National People's Congress* Vol. 1), People's Publishing House, 2000 edition, pp. 31–32.

change in grassroots power and the rights of villagers after the election, therefore it is still authoritative self-governance rather than representative self-governance."[10]

It is significant to observe the development and changes of rural self-governance from the relationship between local sources of authority and local communities. Not only does it help us understand the importance of changes in the relationship between rural authorities and interests behind the infiltration of state authority into rural society, but also provide us with a theoretical tool to analyze how relations between rural society and the state have changed. However, the significance of this theoretical analysis should not be limited to explaining the administration of local authority and the collapse of the "local authority-community of common interests" dynamic that was caused by the downward infiltration of the state administrative authority, nor should it become the basis for returning to the traditional rural governance model. Chinese village governance transformed from the People's Commune system to village self-governance and the village democratic election system is a brand-new undertaking. At the very beginning, it started with actual problems of the time, and was not just based on some lofty philosophy. Under the current circumstances, if this transformation fails to solve the developmental dilemma confronting agriculture, rural areas, and rural citizens in the process of modernization and marketization, it will, or in part, lose its due significance.

8.2 Policy Structure, Administrative System and the "Three Rural Issues"

In recent years, the publication of surveys and research from scholars and practitioners who have had deep contact with the practical problems in rural areas began to reveal to people the economic, social, institutional and political reasons for the three major problems in rural areas: slow growth in agriculture, stagnation of rural social development, and the aggravating burden on rural citizens ("Three Rural Issues"). These studies raised some questions about whether the grassroots-level democracy implemented at this stage can solve issues of political stability in rural areas. For example, according to Cao Jinqing's research, through the anthropological investigation of some remote and backward rural areas in Henan Province, it was shown that the "modernization" of agriculture, rural areas and rural citizens in these areas was plagued by farming practices, cultural traditions and rural citizens' burdens. It was argued that villagers' self-governance and elections will not help to solve the problems of poverty and development on the ground.[11] Li Changping, with 17 years of experience as secretary of a township party committee, revealed the serious problem of poverty caused by excessive peasant burden in Jianli County, Hubei Province. He believed that the "government black hole" is the institutional root of the "three

[10] Zhang (2000).

[11] Cao (2000).

rural issues."[12] Yu Jianrong, based on a two-year field study in Hengyang County, Hunan Province, analyzed the political reasons for the "three rural issues" from the perspective of rural politics. In his opinion, organized "resistance by rural citizens" has seriously affected political stability in rural areas.[13] The "three rural issues" have not only attracted the attention of the central government, but have also started to attract widespread academic attention.

In fact, the emergence of the "three rural issues" and the full swing of village self-governance in rural areas occurred almost simultaneously. This has spread the interest in simply studying village-level democratic elections to a wider area. Rural problems, especially rural political issues, have gradually become the focus of scholastic research. These studies have raised the study of political development in rural China to a new level. First of all, the "three rural issues" and political stability in rural areas have become the core topics of research on rural areas. The importance of resolving the problems concerning agriculture, rural areas, and rural citizens in safeguarding the political stability in rural areas has been profoundly understood. Secondly, research has focused more directly on problems with rural policy choices, while previous concerns of village-level self-governance and democratic elections have become an important sub-topic.

If the solution to the "three rural issues" is the key to safeguarding political stability in rural areas, then it is necessary to discuss the complex causes of these three issues of agriculture, rural areas, and rural citizens. The causes are complex and multi-faceted. From an economic point of view, the main factor that agricultural production relies on remains the land and the labor force. To a large extent, the current situation of less land and more people has restricted income growth in the rural population. China's per capita arable land is less than two mu (1 mu $\approx$ 0.07 ha), while 70% of the country's population remains solidly rural, and the rural labor force has reached 499 million. The long-existing contradictions of a large population with little land in the countryside cannot bring ever-increasing income to the agricultural population. The reform of household contract responsibility system in rural areas in the early 1980s contracted collective land to farmers whose families were units of production. This policy of separating land ownership and tenure has greatly motivated rural citizens to produce, and it also raised rural citizens' incomes and living standards. However, with the natural increase of the actual rural population and the continuous decrease of agricultural land due to economic development, agricultural production can only maintain a state of subsistence under the existing structure. Especially in recent years, due to ecological degradation and structural adjustments in agriculture, the total area of agricultural, arable land is rapidly decreasing. According to the latest figures released by the Ministry of Land and Resources, compared to the total area of 2.1 billion mu of cultivable land in 1996, the area of cultivable land in the country dropped to 1.889 billion mu in 2002.[14] In addition, since the traditional mode of

[12] Li (2002).

[13] Yu (2002).

[14] According to a survey released recently by the Ministry of Land and Resources, the area of cultivable land decreased by 25.29 million mu in 2002, of which 21.383 million mu, equivalent to

small-scale production by one household still dominates the vast majority of rural areas, under the conditions of increasing marketization in the fields of production and product circulation in China, agricultural production is restricted by existing land systems, modes of production and institutional supply, resulting in the widespread underdevelopment of the technology market, talent market, capital market, information market and product processing and distribution markets in rural areas, which could not lead to the effective transfer of the rural surplus labor population, and also restricts the economic growth of agriculture and rural development.

Secondly, judging at the level of the national policy structure, the "dual" social structure of urban and rural areas formed by the long-term accumulation of "catch-up" development strategies, and the policy of discriminating rural areas from urban areas, are still the causes of the relative poverty and undeveloped nature of the countryside. The formation of the "dual-track" social structure in urban and rural areas began in the 1950s, with specific policies reflecting as the dual household registration system and the differentiated implementation of urban and rural social welfare employment policies. In order to ensure employment and stable development of the city, the dual household registration system separated the urban and rural population, and restricted the influx of the rural labor force into the city, through the strict three-level examination and approval system for the "agricultural population transfer into non-agricultural population". The essence of this dual household registration system remained unchanged until the mid-1990s.[15] The city's strict household registration system in fact deprived farmers of the right to freely relocate and choose their jobs, forcing 70% of the population to stay in rural areas. Under such a system of isolation, the state provided grain and oil, employment arrangements, compulsory education, housing, healthcare and other welfare benefits to the urban population, while the rural population was excluded from state-provided social security system. In terms of tax burdens, urban and rural areas were also treated differently. The law stipulates that rural citizens must pay agricultural taxes, special agricultural product taxes, slaughter taxes, and cultivated land occupation taxes. Each year, they must also complete the tasks of producing staple agricultural products such as grain and cotton, as stipulated by the state. Meanwhile, in order to maintain and develop public welfare undertakings and administration in rural areas, local governments directly collect township planning fees and village retention fees from the citizens in rural areas. Township planning fees refer to funds that, according to law, township cooperative economic organizations collect from their affiliated units (including township and village-run enterprises, joint-household enterprises, etc.) and farmers. These funds are used to

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more than three times the average annual area of ecological restoration in the previous five years. In the meantime, adjustments in the agriculture structure also reduced 5.24 million mu of cultivable land and converted it into forest land, gardens and pastures. In addition, investments in real estate and capital construction account for a total of nearly 2.95 million mu of arable land, an increase of 24.5 mu from the arable land that was occupied in the previous five years. According to China's on-the-ground conditions, the state stipulated that the national average amount of cultivated land shall not be less than a bottom line of 1.6 billion mu. The statistics obtained in 2002 have begun to approach the bottom line stipulated by the state. See *China News Network*, March 8, 2003.

[15]For the specific contents and evolution of the system, see Yu (2002).

run schools at the village level (i.e., additional fees for rural education), family planning, preferential care, militia training, construction of rural roads and other private public-funded undertakings within the scope of the township. Village retention fees are a form of income distribution within village-level collective economic organizations. These funds reflect the economic relationships among the members of enterprises and collectives, and mainly including provident funds, public welfare funds and management fees. Provident funds are used to provide capital to farmland and water conservancy efforts, afforestation, the acquisition of fixed assets and the establishment of collective undertakings. The public welfare funds are used for the five-guarantees, subsidies for "special hardships" households, cooperative medical care and other collective welfare undertakings. The management fees are used for the remuneration and management expenditure of village cadres. In addition, rural citizens also have to shoulder the share of voluntary labor and accumulated labor required for local tree planting and afforestation, flood control, road construction, repair of school buildings, farmland and water conservancy construction projects. The state also stipulates that the people's government at the county level may, in accordance with relevant provisions of the state and higher-level government bodies, impose rural education fees and administrative fees on the farmers. Compared with rural areas, urban residents pay only personal income tax, with a monthly income of more than 800 yuan as a starting point, while rural taxes are collected by based on family size, which is actually a zero threshold. This "urban-rural differentiated" tax system forces farmers to bear more tax burden than the urban population.[16]

In the absence of a large amount of state investment, rural economic growth relies mainly on the expansion of its own development capabilities. The main approach has been to develop township and village enterprises (TVEs) to supplement agricultural production. Since the reform and opening up, the development of TVEs has played a stimulating role in the rural economy and social development. The development of TVEs have formed a small-scale pattern of "subsidizing agriculture with industry" within rural areas, not only increasing the economic income of rural citizens in the region, but also promoting the development of social undertakings such as education, living conditions and welfare of rural citizens. However, after urban economic reform has been fully promoted, TVEs have actually been subjected to unfair policy treatment and have long been discriminated against in terms of loans, administrative approval and policy support. Since the 1990s, with the continuous development of the market system and the inflow of foreign enterprises, most TVEs, except for a few star enterprises, have been generally experiencing a downturn with a decrease in production efficiency, the speed of development has also declined and the ability to absorb labor has weakened, thus affecting the ability of TVEs to respond to the needs

[16]Recent analysis by Sun Liping pointed out that in addition to formal taxes, the various "fees" levied by local governments on rural citizens are actually based on the rural citizens' personal and family incomes and can be regarded as a "quasi-personal income tax". According to his estimation, the income of rural residents in 2001 was equivalent to 36% of the total income of urban residents, but rural personal income tax accounted for 44–60% of the national personal income tax. See Sun (2003).

of the countryside, due to their small scale, and low levels of technology and management. In particular, most of the viable TVEs are concentrated in the southeastern coastal areas. The central and Western regions not only have fewer TVEs, but they also have poor production efficiency and very limited abilities to respond to the rural areas. Looking at the pattern of industrial and agricultural production throughout the country, central government policies still mainly favor the economic development of industry and urban areas. The long-term implementation of the scissors difference policy in the prices of industrial and agricultural products still exists, and it is still the policy pattern of "subsidizing industry with agriculture" seen across the country.[17]

Thirdly, from the aspect of the rural administrative system, the government agencies and administrative staff at the county and township level are generally too large, creating a high-cost rural management system, further causing rural citizens to be overburdened. Except for agricultural taxes and special agricultural products taxes stipulated by national-level laws, the increase in rural citizens' burdens has mainly been reflected through the increase in various administrative fees such as "overall planning for villages and towns" and "village grants". These costs borne by rural areas have become more and more burdensome since 1985, mainly because of the ever-increasing number of township government agencies and personnel. By the end of 1982, the new constitution passed by the National People's Congress reorganized townships as rural grass-roots governments. In October 1983, the Central Committee of the CPC and the State Council promulgated the *Notice on the Implementation of Government-Administration Division and Establishment of Township Governments*. By the end of 1985, the country basically implemented the system-wide shift of "establishing township governments to replace the People's Commune". After the establishment of the township system, institutions and personnel have been continuously expanding. Since the establishment of county and township institutions was very arbitrary, the functional departments at the county level could set up counterpart agencies and put personnel in the townships. In order to implement various policies and meet the "standard" set by the government of higher levels, they also set up their own agencies and add staff. In the absence of effective management and restraint, the number of township institutions and personnel has risen sharply. For example, in the mid-1980s, each township government needed about 30 staff members at the township level for financial expenditure. In recent years, this figure has increased to about 300, while that of developed townships has even reached 800–1000 people. At the same time, the cost of maintaining the operation of agencies and staff wages at the township level have risen sharply, resulting in the continual expansion of township financial expenditures and increase in township financial debt ratio. In order to survive, the township government will inevitably need to increase its "non-normative income" to subsidize its expenditures by imposing these fiscal deficits on farmers by means of soft restraints, charging "withdrawal and retention fees" and administrative fees, and raising various funds. The ever-increasing number of Party and

[17] According to China's National Bureau of Statistics, the value transferred from rural areas through the scissors price difference policy was 96.9 billion yuan, 135 billion yuan and 164.7 billion yuan in each respective year from 1990 to 1992. See Guo (1995).

government organizations and personnel in counties and townships, and the growing burden on rural citizens, have made the "three rural issues" increasingly prominent. The opposition and conflicts between rural citizens and local grassroots governments have been escalating and deteriorating. This situation is particularly serious in the poorer central and Western regions.[18]

The above three aspects are the main reasons for the widening gap between urban and rural areas. The different policy structures between urban and rural areas and the county and township management systems that run at high costs are even more essential to consider. Under the existing differential treatment policy system, agriculture—as a vulnerable industry—does not receive the appropriate policy protections, and continues to pay for the development of other industries and urban areas. The current county-township management system also passes its high costs on to farmers in a variety of formal and informal ways. The development of this situation has caused the gap between urban and rural areas to be even larger now than in the early stage of reform and opening up.[19]

8.3 The Policy of Solving the "Three Rural Issues" and System Constraints

Since the 1990s, the central government began to attach importance to rural development and overburdened rural citizens. In response to the ubiquitous "three rural issues", the central government realized that the core issue in rural areas was increasing rural citizens' income and maintaining rural stability, and formulating policies and measures to guide rural citizens into the market, reduce their burden, and rationalize the relationship between cadres and the masses in rural areas. However, in the absence of any structural changes in the overall rural policy and in the reform

[18]Generally speaking, the proportion of "non-normative income" of townships in purely agricultural areas only accounts for about 30%. The main sources are the coordination fees of townships, administrative charges and fundraising fees, which are basically collected directly from rural citizens. However, the proportion of "non-normative incomes" in the more developed coastal areas and suburban townships is generally over 60% or even over 90%. The main sources there are the surpluses from township enterprises and land requisition. This can reflect why rural citizens' burdens in central and Western China are quite prominent. Because these areas rely mainly on agricultural income, the budgetary revenue with agricultural taxes being its main body cannot maintain the normal operation of township governments, so they have to collect more non-budgetary revenue from rural citizens. With the increase of personnel and institutions, the carrying out of various standard promotion activities and the construction of achievements ("face") projects, the public expenditures of townships have been increasing year by year. As a result, the burden on rural citizens has increased, and the conflicts between cadres and the masses in villages have intensified.

[19]According to relevant studies, in 1978, urban residents' income was 2.57 times higher than that of rural residents. In 1984, it was only 1.7 times higher than that of rural residents due to the reform in rural areas. However, by the year 2000, this proportion has risen to 2.8 times. These figures only reflect the average of the difference between urban and rural areas. In 2000, the per capita net income of farmers in the country was 2253 yuan, but 60% of the farmers received less than the average income. See Yao (2002).

of the county-township management system, most of these specific policies have encountered difficulties in their implementation.

First of all, the primary problem in the "three rural issues" is how to increase the actual income of rural citizens. Improving the efficiency of agricultural production is an important means of increasing the income of farmers. In the planned economy era, the government had the sole authority to organize and manage the rural economy. Political mobilization, communes, militia and other institutions organized the farmers closely together. Under the highly unified semi-militarized command structure, farmers built agricultural infrastructure, attended classes to learn politics and how to read, used fertilizers and pesticides, new varieties of grain, and a small amount of machinery in accordance with the instructions given by the government. Agricultural technology was completely a "public product". The government became the sole organizing and driving force for the development and promotion of rural science and technology. However, since the countryside implemented a contract system of responsibility for linking remuneration to output, the market economy has gradually changed the relationship between the government and the rural citizens, as well as the organization form of rural production. The relationship between supply and demand of rural science and technology has undergone profound changes. But according to case studies on the promotion of science and technology in rural areas, the popularization of science and technology there has been constrained by various factors in the new incomplete market economy since the reform and opening up.[20] Although the budget of all levels of governments still retains a certain amount of financial funds for the free popularization and demonstrations of agricultural technology, this rather large sum of money has not been implemented in the promotion of agricultural science and technology, but has instead gone to government investment and enterprises in the peripheral cities, in order to achieve a higher rate of fund return. Funds for the promotion of technology as a public product in rural areas are being appropriated by the departments in charge of it as their privileged revenue. Under the current system of financial fund decision-making and supervision, rural citizens do not understand and cannot participate in and supervise the flow of funds and the operation process. Less and less agricultural technology popularization funds are actually used for improving the agricultural technologies. The number of rural scientists and technicians is also in sharp decline. The same is true of reduced sources of students and the unwillingness of scientists and technicians to go to the countryside in higher education to train agricultural scientists and technicians.

In the area of agricultural products circulation, the circulation of major products such as grain and cotton is still largely controlled by the state. The cost of grain and cotton production is high, while the price of the products is low, therefore, it cannot be the main source of income for rural citizens. Planting other cash crops and farming can bring far higher returns to farmers but they also bring higher market risks. In guiding farmers to enter the market, the intake of market information is still mainly guided by the grassroots government because of the relatively low level of self-organization in rural areas. However, the local government does not directly bear

[20] See Yang (2001).

the market risks as it guides farmers into the market, coupled with the government's habit of using administrative means to understand the market and guide farmers, it often misleads them and causes direct economic losses to rural citizens.

The central government's measures to reduce the burden on rural citizens are mainly to formulate relevant policies and regulations on administrative charges and limit "arbitrary fees", "apportion indiscriminately" and "indiscriminate money-raising" of local and grassroots governments. From a statutory point of view, the rural citizens' burden refers to the obligations that rural citizens who have the rural registered residence should fulfill, as stipulated by the state policies or prescribed by law. *The Agriculture Law of the People's Republic of China*, passed in July 1993, ensured that farmers pay taxes according to law and pay village collective retention fees and township planning fees in accordance with the law, and assume the responsibilities of rural voluntary labors and accumulated labors in accordance with the law. *The Agriculture Law* has clearly set limits on fees and fines, and apportionment and fund-raising for rural citizens. It stipulates that all charges, fines and apportionments to rural citizens must be based on laws and regulations. Funding must be implemented on a voluntary basis. However, in reality, the burden on farmers has gone far beyond the statutory scope. To cover their own financial needs, governments at all levels often increase the amount of taxes and fees payable by rural citizens and increase their fees by free ride. Since the central government has not fundamentally changed its agricultural tax policy, the total amount of agricultural tax revenue has not decreased, but has in fact increased year by year. Since the implementation of the tax-sharing system, local governments have been facing many financial difficulties, especially at the county and township level. The fiscal deficits are naturally passed on to farmers. The rural citizens' burden has been increasing annually, further worsening the relationship between cadres and the masses in rural areas. In order to reduce the burden on rural citizens, the central government has released over 20 laws, regulations and administrative documents since the late 1980s. However, many local governments continue to increase the rural citizens' burden through various "countermeasures", making false reports and avoiding inspections. Local governments and departments have been steadily increasing the amount of various types of charges, fund-raising fees, fines and apportionment projects. According to officials in the State Council, some local governments have increased their finances and reported farmers' incomes falsely, charged more than regulated by standard village retention fees and township planning fees, forced farmers to pay fees to reduce their labor; in some places, in violation of state regulations, agricultural specialties taxes and slaughtering taxes were levied evenly on land or per capita; some departments demanded that grassroots units carry out standard upgrading activities despite repeated prohibitions and the funds needed were eventually apportioned to rural citizens; in some places, grassroots cadres have resorted to illegal means to forcibly collect receipts and payments from rural citizens that lead to vicious crimes and mass incidents. According to statistics, the total tax burden directly borne by rural citizens nationwide in 1999 was about 120 billion yuan and the per capita tax on farmers was 130 yuan. Among them, the agricultural (animal husbandry) taxes paid by rural citizens, agricultural specialties taxes and slaughtering taxes, amounted to nearly 30 billion yuan; rural

citizens directly paid village retention fees and township planning fees of about 60 billion yuan; in the "voluntary and accumulated labors" system, there were about 30 billion yuan in contributions to "pay fees to reduce labor" and other various social burdens (including administrative fees, fund-raising, fines, apportionment, etc.).[21] According to one scholar's survey, in a certain county-level city, the total amount of village retention and township planning fees raised in 1999 increased by more than 10 times than in the mid-1980s. In this county, the amount normally collected accounted for 10–15% of the per capita net income in the previous year; in some villages and townships, more than 30 different types of fees were charged. In addition to the statutory agricultural tax and village retention and township planning fees, the county's peasants' extra burden is 40% of the total burden.[22]

In response to the unreasonable financial burdens suffered by rural citizens, the central government decided to implement rural tax reform in rural areas. Since 2000, the central government began to pilot a tax fee reform[23] in 102 counties (cities) in Anhui Province, Jiangsu Province and other regions, with the aim of standardizing the system of rural taxes and fees, and fundamentally eliminating the problem of "indiscriminate charges" in rural areas in order to reduce the burden on rural citizens. This reform pilot was expanded in 2002 to 20 provinces (municipalities and autonomous regions) and 25 counties (cities) in other provinces. However, due to the imperfect national public financial system itself and the non-standard means of fiscal transfer payments (specific transfer payment has not yet established a support system that links to the production and supply of public goods), the fiscal relations between the counties and the townships are still relatively unhealthy financial contract system (which makes the township financial management dependent on the county governments and thus not autonomous in providing local public goods). The reform of the village and township administrative system and attempts to streamline bureaucratic personnel have not been fully implemented, the rural compulsory education management system did not carry out a corresponding reform (there is a system of attending "primary school in townships, secondary school in counties"; township level governments therefore bear the burden of the costs for rural compulsory education.) The result is that most counties and townships are on the brink of bankruptcy. The administrative operation of the grassroots government is difficult to guarantee, and the ability of township governments to provide public goods (especially rural

[21] See *China Macroeconomic Information Network*, December 2002, "Tax Reform: A Major Move to Crack Down on Rural Problems—Interview with Huang Weijian, Deputy Director of the Office of Rural Tax Reform in the State Council."

[22] See Xiao (2000).

[23] Tax fee reform is the abbreviation for the ongoing rural tax reform in China. In most areas, the content of this reform is "three cancellations, two adjustments and one phase-out", namely the abolition of the tax on the slaughtering of pigs, the abolition of township, the abolition of rural education fundraising and other specialized administrative fees and government funds collected from farmers. Adjustments are proposed for the agricultural tax policy and for the collection of special agricultural products tax, to gradually eliminate the unified regulations within a few years. Funds needed for collective production and public utilities are to be discussed and decided case by case by the villagers' assembly or the villagers' congress, the goal of tax reform is to reduce the burden on rural citizens and increase the incomes of rural citizens.

compulsory education) has dropped sharply. Therefore, the central government has to adjust the pace of policy implementation with the principle of being "active and steady, acting according to one's capabilities, step by step."

To sum up, the problem of "rural citizens' burden" is not merely caused by the non-standard behavior of the grassroots government. The deeper reason lies in the unreasonableness of the national policy structure and malpractices within the administrative system. Although the issue of "agriculture, rural areas and rural citizens" has received attention of the central decision-making level, due to the lack of substantive changes in the state's macro policy structure and lag in the top-to-bottom reform of the county-township management system of high operation cost, specific policies related to this overall problem have not reached the desired effect.

8.4 Rural Political Stability and Structural Changes in Governance

Since the 1990s, "democracy and self-governance" in rural areas and the "three rural issues" have become the two most important topics in rural China. The two topics have a different nature and different causes, but from a political point of view, there are also causal relations between the two. The "three rural issues" is the inevitable result of the state's macro policy structure which treat urban and rural areas differently and the high costs of the county-township management system. The long-term continuation and aggravation of the "three rural issues" not only hinder the development of rural communities, but also affect rural political stability. The self-governance of rural residents is a system reform that is promoted from top to bottom with the purpose of establishing a mass self-governance organization of "self-management, self-education and self-service" at the grassroots level in rural areas, to replace the paramilitary way of management by People's Commune. Through the election by villagers, concepts such as "democratic election, democratic decision-making, democratic management and democratic supervision" are given as labels of self- governance, so as to ensure political stability in rural areas. However, at the institutional level, rural democratic self-governance can be said to be a brand new institutional arrangement in China's modern history. However, this institutional arrangement is strongly dominant in its administrative practices, and the self-governance authority still carries a considerable degree of bureaucratization. In addition, this kind of village self-governance is the most primitive one in rural society (using natural villages as a baseline) and is one in the smallest unit. The function of democratic self-governance is limited to the adjustment of interests within self-governance organizations. Restricted by the dependence of the authority and the scale of self-governance, it is difficult for self-governance organizations to become the defenders of their common interests under the pressure of a strong administrative authority. These characteristics of village self-governance may be able to explain to a certain extent why the issues of "agriculture, rural areas and rural citizens", which are

closely related to rural citizens' interests, cannot be properly solved even when the "democratic self-governance" of villages has been universally implemented throughout the country. There are in fact some inevitable correlations between "democratic autonomy" in rural areas and the "three rural issues" that seem irrelevant to many people.

The issue of rural political stability triggered by the long-standing existence and continuous aggravation of the "three rural issues" has directly garnered the attention of central government policy makers and intellectual communities. Since the 16th National People's Congress of the CPC, the new national leadership group has also put rural issues on the major political agenda. Some relevant specific policies have also entered the stage of pilot implementation. For instance, the central government stressed that it will continue to implement the policy of "fee to tax reform" in rural areas and at the same time increase the support for rural public finances, including for compulsory education,from the central finance. With the deployment from the central government, many cities have begun to readjust their policy of "giving non-agricultural status to rural citizens", to release the restriction on the transfer of rural population to urban population as a way to speed up the urbanization. However, as mentioned above in this section, the causes of the "three rural issues" and the difficulties in solving it are related to the national policy structure and problems in administrative management system. Difficulties encountered in the implementation of policies that aim to solve specific problems suggest that the impact of the "three rural issues" has not only touched upon the structural problems of the county-township management system, but also has crossed the boundaries of rural society and revealed structural problems in the state's macro-economic policies. Solving the "three rural issues" and maintaining rural political stability will involve structural changes in the rural governance model, as well as substantial adjustments and innovations in basic rural policies and management methods. Only through major structural adjustments in the national policy and major reforms in the administrative system, can the current dilemma be fully resolved. Specifically speaking, from the aspect of policy choice, rural fee to tax reform must combine the input of the central and provincial finance to the construction of rural public utilities and the institutional reform of the county and township governments. The problems of reducing rural citizens' burden and increasing rural citizens' income must have relevant policies to guarantee that the legitimate rights of rural citizens will not be infringed upon. National macro policies must break from "dual-track" social policies and further reform existing policies that separate urban and rural areas, allow the rural surplus labor force to reasonably flow to the urban labor market, and reduce the rural population and speed up the process of urbanization. These policies must be related to major adjustments of the urban and rural incentive structure, and the adjustment of relations between the state and the rural community in rural governance. Whether the rural citizens, who account for about 70% of the total population, can have their due political influence in the major adjustment of interests will, to a certain extent, determine the degree of interest adjustment and the adjustment of relations between the state and the rural community, and will to a certain extent determine the direction and extent of structural changes in rural governance.

However, reform of China's rural management model over the past two decades has been more symbolic than substantive. This reform so far has not enhanced the influence of rural citizens in the above mentioned adjustment of interests. In terms of the overall form, rural areas have implemented village-level self-governance and democratic elections. However, there has been no fundamental change in the state's strong control and governance over rural areas through the government's grassroots administrative agencies. The government's "discriminatory treatment" policy on agriculture, rural areas and rural citizens has not been changed after the villagers' self-governance and grassroots elections. Self-governance and democratic elections in a single administrative village at best can only form "potato-style" self-organizing groups that cannot directly affect policy choices at the national level and cannot constrain the behavior of grassroots governments. The disadvantaged position of rural citizens in the distribution of social benefits has not been changed. China is carrying out a socio-economic transition in the modern sense. The problem of rural development during the transition period cannot be solved through the adjustment of the political relations within the village-level communities. It is dependent on the central authority's reasonable choice of rural policies, and on the reconstruction of rural self-governance and common interests in rural communities across a wider range of issues. Under the current policy-making system, the active participation of the latter may be an important factor in the rational choice of rural policies.

Policy choice is a game that is influenced by many political factors. In the structural adjustment of the national policy, the choice of rural policy still needs to be constrained by the overall development strategy of the country and is limited by the already-formed interest patterns. Therefore, the adjustment of the "dual-track" policy system of urban and rural areas in the national policy structure will not undergo major changes in the short term. Under such conditions, further promoting the transformation of the rural governance model and reforming the county-township management system that operates at a high cost will have more important practical significance in resolving the problems concerning agriculture, rural areas and rural citizens, and easing the conflicts between the rural citizens and grassroots political power.

At present, some scholars have put forward plans and ideas on the reform of township management system through relevant research. For example, to change the township government into the dispatching agency of the county government, to overcome county and township financial dilemma by simplifying government management levels and innovating the financial system,[24] or cancel the township government and implement "township self-governance" so as to completely eradicate the imbalance between the power and responsibility of township governments.[25] These mainstream scholars' reform plans and ideas for township systems are more about trying to solve the problems faced by the grassroots government finance, through streamlining institutions and the personnel by reforming the administrative system or standardizing grassroots administrative behaviors through strengthening institutional self-restraint by adjusting the administration executive system internally. They rely, however, too

[24] See Xu (2002), Jia and Bai (2002).

[25] See Rong et al. (1998), Zheng (2000).

much on the top-down administrative system's ability to self-improve and more or less neglect the potential autonomy and political influence of rural society.[26] The limitations of the mainstream scholars lie in the lack of adequate understanding of the structural characteristics of the top-bottom traditional administrative management-executive system in China. These structural features are mainly manifested as: a regulatory type of government administration structure, a quasi-mobilized type of the administrative execution, and a administrative incentive system with the completion of task as its means. Under this system, grassroots governments can easily overlook the improvement of the administrative efficiency and the rational allocation of the administrative resources, wildly increase the administrative operation costs, and cause spillover effects in administrative execution.[27] Therefore, with no structural change in the traditional administrative management-execution system, it is doubtful that the county-township management system will be able to self-improve and self-restraint.

In the county-township management system, the township government plays a dual role. It is not only an immediate supplier of rural public goods, but is also an incentive for increasing rural citizens' burden. Compared with county governments, the township-level governments face the grassroots more directly and are under more pressure to implement government policies at all levels superior to the county-level, and to cover some of the costs of implementing these policies. Under the top-down quasi-mobilization administrative system, the township government is responsible for the superior more than responsible for the subordinate. The township government's main personnel appointment is in the hand of county-level departments, they must respond to the superiors; financially, the township depends on rural economic organization. This imbalance of power and responsibility makes it easy for county-level governments to impose their financial burden, caused by the expansion of their functions, on township governments. The burden takes the form of task indicators, which are then transferred as burdens on the rural citizens. Conflicts between rural citizens and grassroots governments in many places have already indicated the existence of consequences of government's spillover administrative execution, to some extent. Therefore, reform of the township system should not only focus on the correspondence and balance between power and responsibility in the county-township relations, but also on the organic combination and positive interaction between the sources of township authority and communities of common interests. If China could expand self-governance down to the township government level on

[26]Recently, some non-mainstream scholars have also advocated the establishment of peasant self-organized groups in a wider range in rural areas, such as peasant associations, but these ideas were not accepted by mainstream scholars because of the potential greater uncertainty and political risk.

[27]In an article analyzing the reform of the administrative examination and approval system, I made a systematic analysis of the structural problems of the traditional administrative enforcement system. I use "spillover of administrative execution" to summarize all the phenomena of the extra costs and burdens brought to society by government administrative agencies in the provision of public goods. The spillover of administration execution not only increases the social costs and burdens, but also increases the political costs of the government. For a detailed analysis, see Xu (2002) and Footnote (10).

the basis of village self-governance, and continue to promote experiences based on the pilot of the township mayoral election so that the rural citizens can implement the "democratic election, democratic decision-making, democratic management and democratic supervision" in townships, then this will to some extent help promote structural changes in rural governance and alleviate the plight of rural governance under the "three rural issues". This will ultimately have a gradual but positive impact on the structural adjustment of national policies and the implementation of those policies.

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Chapter 9
Theoretical Misunderstandings and Space for the Development of NGOs

The social groups in China have greatly expanded both the number and range of activities in recent years with the economic development and changes of social structure. The domestic academia has thus initiated to study the forms, traits and prospects of them. Nevertheless, the research on the new groups of China is either consciously or unconsciously subjected to the optimism perspective which is interpreted by the prevailing Western governance concept and relative theories, no matter on the normative theoretical interpretation on the level of value judgment or on the types and the operational aspects on the level of empirical analysis. The optimists towards NGOs have also been more or less caught up in two misunderstandings when emphasizing the beneficial complement of such organizations to the government failure and market failure: they ignore the political characteristics of their organizations, and expect too much in terms of their organization efficiency. According to the current research situation in China, most of the researchers are inclined towards using the concepts of "NGO" and "the third sectors" when discussing the issue of Chinese social groups. Both the framework of the theory and the interpretation of the perspectives are thus restricted to the cognition of the two concepts and their value judgment within the theory of Governance. Admittedly, the virtues of this position are undoubtedly helpful to promote a new philosophy of governance. Some uncertainty in specialized political environment as well as the misconception on organizational efficiency would be neglected if starting from a value judgment-oriented point.

This chapter attempts to elaborate on the political functions of non-governmental organizations as a relatively independent and social-based institution and the possible deficiency in organizational efficiency, from the perspective of realism. It is believed that non-governmental organizations' complementary nature to double failures of government and market and their lack of political features and efficiency constitute a complex relationship with the government. These complicated relations largely determine the space for the development of non-governmental organizations.

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9.1 Value Patterns in NGO Theory Research

In view of the concept of NGO is used extensively to describe and analyze the social groups by most scholars in China, this chapter will select the same concept as a point of departure to facilitate our understanding of it in the Chinese context. Introduced from Western society, "non-governmental organization" (NGO) refers to those thousands of social groups working for non-profit, non-government, volunteer and commonwealth causes. Based upon the theory of Western public administration, a new kind of resource allocation system has been necessitated to compensate for inefficiency and deficiency deriving from failure of both government and market, under the circumstances that the government could not allocate social resources efficiently and that the market might be reluctant to supply public goods when stimulated by substantive profit within the political system. This new system thus requires people to build such non-governmental organizations that are motivated by volunteer service and orientated to provide non-profitable social service. Such organizations would be of great significance to become an irreplaceable means other than government and market in the whole social resource allocation system as the Western governance theory said. Thereby, NGOs are viewed as the third sectors paralleling with the first sectors of governmental authorities and the second sectors oriented by the market and enterprises. The emergence of the concepts as well as the research on NGOs or the third sectors have initiated since the late 1970s in Western societies. It is a new research area with variations in the Western government management theory and the reforms of government operational mechanism. Meanwhile, both the theory and the practice have accommodated to the traits of fixed political-economic-social structures. Numerous social organizations separating from the state organs were thereby established to engage in various non-profitable activities in modern social and economic development of Western societies. There are a wide range of these organizations, including those for special social groups, community and the specific political purpose-oriented ones. Such as women's organizations, community habitat organizations, environmental protection organizations, human rights organizations and charity organizations. Their activities have infiltrated all levels of the society, and facilitated the adjustment of social relations and social development.

At present, most researchers in China are inclined to view NGOs as benign organizations that may remedy the failure of both government and market according to the above theories. Furthermore, as brand-new associations, the development of NGOs as well as institutional improvement will weigh substantially to the social progress, governmental efficiency advancement, orderly social participation and the realization of social harmony in China. According to such value judgments, most researchers hold that the government should accelerate and foster the growth of NGOs initiatively. Moreover, the government could also facilitate NGOs' development by changing its functions, reassigning the right with the society and providing help on financial, human and material resources together with the policy and legal guarantees.[1]

[1] Wang and Jia (2002), Hu (2004), Wang (2001).

Nevertheless, there are still several thought-provoking issues which have been ignored by those optimistic perspectives towards NGOs. Are NGOs a reliable partner to which government can give full credit? Or are they really a perfect implement used to achieve its social objectives by the government? Why does the government need to adjust its policies to reinforce the control and restriction on NGOs despite the reality that both the number and the variety of NGOs have expanded greatly since China's reform and opening up? Will NGOs in China develop into the troika in range with government and market? Therefore, all the questions make us believe that it is necessary to analyze the traits and the organizational character of NGOs. Meanwhile, to illustrate the institutional backgrounds about NGOs' establishment and operation are also essential to answer these questions.

9.2 NGOs' Political Characters and Misconceptions of Its Organizational Efficiency

NGOs' characteristics and traits usually refer to its commonwealth, non-profit, non-government (autonomy) and volunteer spirit. In addition, value judgment often highlights NGOs' substitution effect for government and market failure. It is believed that NGOs could resolve numerous problems on social policy which cannot be handled by market nor processed efficiently by government.[2] Consequently, the parties concerned can reach a consensus over a rational choice that government transfer parts of functions to such organizations as well as provide legal guarantee to them. The logic of analysis and illumination on such issues follows a normative research approach with a prerequisite that human beings have perfect moral choice ability. Notwithstanding, the research approach has neglected NGOs' other vital characteristics to some extent, including NGOs' political trait and the restriction of its organizational efficiency. The issues mentioned above are involved in some substantial matters of the relationship between NGO and government.

In the first place, it is necessary to analyze NGOs' political traits. The concept "NGO" was initially found in Article 71 of the United Nations Charter which was signed in June 1945. The Article is an Enabling Clause, which means the Economic and Social Council (ECOSOC) is empowered to consult affairs within its competence with appropriate international and national NGOs.[3] NGO was officially defined in Resolution 288 of ECOSOC in 1952 as any international organization that is not founded by an inter-governmental treaty, and social organizations whose main target is humanitarianism relief and social welfare instead of the maximum of profit. The

[2] Hu (2004).

[3] *United Nations Charter,* Article 71: "The Economic and Social Council may make suitable arrangements for consultation with non-governmental organizations which are concerned with matters within its competence. Such arrangements may be made with international organizations and, where appropriate, with national organizations after consultation with the Member of the United Nations concerned."

Council has made a further resolution on the legal framework to clarify the relationship between UN and NGOs in 1968. In addition, NGOs could attain Consultative Status in some organizations in the UN system. NGOs' activities have therefrom been extensively introduced to the UN system's operation consciously.[4] But Western researchers have made advanced discussion over the definition of it along with NGO starting to expand its activities in many countries since the 1970s. And NGOs' characteristics have approximately been defined as organizational, civilian, self-regulating, volunteer, non-religious and apolitical through scholars' debate.[5] However, NGOs certainly will not follow the characteristics and sphere of activities as the scholars described. They will have more or less a distinguished political role to play in different political institutions. The development of NGOs has been not only a supplement to government organizations, but an organized political force.

In most democracies today, NGOs have strong capacity for activity and influence in the grassroots due to their independent organizational networks under the legal protection. They have already become an independent political force. In European countries, many NGOs have played a significant part in discussing environmental protection, social welfare, immigration and foreign affairs as well as mobilizing grassroots in the election. For example, in Italy, some political parties utilize social grassroots organizations, such as mutual-aid teams, cooperative societies, labor unions and even sports and entertainment associations, to carry through political mobilization for their parties.[6]

On the contrary, NGOs in some authoritarian states, whose democracies and legal systems lack maturity, such as Brazil and Chile in Latin America, as well as the Philippines in Asia, often represent opposition parties, thus causing tension between NGOs and the government due to its weak political party system.[7] In fact, since the 1950s, many developing countries have imposed many restrictions on NGOs' political activities after their independence. The reason is that NGOs could be an alternative organizational form to mobilize social forces to interfere with national politics by some ambitious politicians. Furthermore, several political parties are the branches of NGOs in their infancy.[8] The interference could force the emerging fragile regime to confront more uncertain situations within the process of balancing the state-society relations, and as a result, intensifying the tension between them.

Some NGOs' political traits have been performed more conspicuous in some Eastern European countries and the former Soviet Union in the transition period. Among some special political social structures, many civilian occupational groups are predestined to be impossible to get rid of their political character. With the aggravation of the transition process, some commonwealth organizations (e.g., ecological protection organizations) and member mutual-benefit organizations (e.g., cultural

[4] Gu (2003).

[5] Wang (1999).

[6] Putnam (2001).

[7] Shan (2003).

[8] Fernando and Heston (2000).

clubs) became involved in the political opponent groups through the pan-political social atmosphere.[9]

The degree of NGOs' political participation is very low in China. Although most scholars regard NGOs as the complementarity of governmental functions, others are still inclined to endow NGOs with some functions of the political organization. For example, some scholars viewed NGOs as an attached body of people's supervision institution to supervise government and officials, and through the autonomous political participation, NGOs could protect the citizen's rights and benefits by restricting the power of government.[10] Others, however, believed that NGOs should act as a legal channel to convey public opinion, thereby offering an avenue for establishing a mature civil society and guaranteeing the people to be the master of their country as well as playing an important role in legislation.[11] In addition, some maintained that NGOs are a kind of civil community whose intensive public spirit and its equal relationship among members are crucial to foster civil society and the political development of the state.[12]

As has mentioned before, no matter what characteristics were defined, such as commonwealth and mutual help, or how its range of activity was prescribed, like non-religious and apolitical, NGOs would assume some political functions and act as a vital political role with compatible political conditions, particularly if they could be autonomous organizations that are relatively independent and well-organized, with sufficient resources to mobilize the grassroot society.

In the second place, the conception is not as perfect in its organizational efficiency as optimists believed. They hold that with the grassroots' extensive political participation and its non-profit objective, NGOs, as volunteer organizations, would be more efficient than government in dealing with philanthropy. We cannot deny the basic judgment of NGOs by optimists. As Lester M. Salamon from the Institute of Public Policy of John Hopkins University has maintained, the prosperity of the worldwide third sectors have derived from four crises, which are the crises of Western welfare states, the economic crises in developing countries, global environmental crises and the legitimacy crises of socialist countries. The four categories of crises have narrowed down the fields under the states' sovereignty and offered an avenue for the increase of organized volunteer activities. He also held that although the third sectors are granted enormous expectation, it is still not clear how it will reply to the opportunities they are facing with.[13] The compliment for the third sectors by the optimists originates from two misconceptions. The two misconceptions can be concluded as "a perfect myth of conduct and behavior" and "the myth of volunteer spirit". The first myth claims that NGOs will be capable of changing the people's lives if they can become a flexible and reliable approach for achieving human being's self-expression, self-help, participation, mutual aid and other basic desires. This position is more or

[9] Relative reference see Qin and Jin (2002), Danks (2003).

[10] Zhang and Jin (2003).

[11] Wang (2004).

[12] See note 12, p. 10.

[13] Salamon (2000).

less a romantic one with religious and moral enlightenment. In fact, it has exaggerated the flexibility and autonomous efficiency of NGOs. Although NGOs were founded on the principle of autonomy and upon non-profitable charity activities, as an organization, they still possess all the characteristics of any political organization. We see this in the examples of the oligarch iron rule of Robert Michels and the collective actions of free-rider behavior by Mancur Olson. With the expansion of the organizations and the increasing complication of management, it is difficult for NGOs to get out of the lair of bureaucracy featured the lags in response and routine way of operation. The second myth holds that NGOs rely on the trust to private action and a charity subsidy. This kind of public sector founded by pure volunteer incentive mainly relies on the constancy of participants' voluntary dedication. In addition, due to the lack of subsidy from private charity organs in the developing countries whose local and civil resources are highly limited, their main resources are originated from the government and thus must be subjected to the preconditions of the government. In developed countries, although the private charity covers more widely, subsidies are accompanied by additional conditions.

For China, the gap between two myths and the reality seems much wider. First of all, many social groups were transformed from government sectors and thereby bearing deep imprint of bureaucratic style. As a result, the modes of organization management and operation are not remarkably distinct from government. Moreover, the flexibility and efficiency of the organizations are not immune to bureaucracy either. On the other side, government plays a significant role in fostering volunteer spirit and promoting volunteer activities and hereby unavoidably switches to an administrative mobilization. In addition, the lack of civil mutual help resources and the immature private charity spirit have circumscribed NGOs' development, such as exploiting both human and financial resources as well as extending the range of their activities. Consequently, many civil social groups have tried to seek for organizational and private interests under the mask of non-profit because of government's weak supervision and absence of their self-regulation system.

It should be clarified that the statement on misconception of NGOs' organizational efficiency is not aiming at disregarding its positive effects on social development and restoration of government's malfunction. Alternatively, their influence on these fields is conspicuous both at home and abroad. It does not, however, indicate that we can exaggerate the anticipation for NGOs' effects and prospects. In other words, only with a faithful understanding of their achievement and limitations can we make an objective evaluation on NGOs' development room.

9.3 The Relationship Between NGOs and Government

Because of NGOs' wide varieties, their objectives cover extensive areas. Thereby, the relationship between NGOs and the government is intricate. Lester M. Salamon concluded that the third sectors' expansion motivation originated from three kinds of pressure. The first is a spontaneous desire from grassroots, which means people

anticipated and determined to have a strong say over certain affairs so that they could change their current situation and seek basic rights, such as the right maintenance organizations, vocational groups and community autonomy organizations. The second is from the entry pressure of both private and public sectors outside the state system. These sectors desired to enter the relative areas of other countries with the aim of social charity and philanthropy. They are subject to offering varied aid plans and charity programs, such as the Western church organizations, private volunteer organizations and official aid institutions. The third one is from the relative policies of the domestic government. For example, the government would encourage the development of non-profit organizations by reducing costs, simplifying the administrative structure or breaking a new path for policies so that they can substitute for the government's function on philanthropy.[14] Therefore, thanks to the difference in political and legal institutions and social structure, the pressures from the "bottom", "top" and "outside" made the relationship present subtle differences between them.

At the present stage, three types of pressures proposed by Lester M. Salamon could be found within the NGOs' birth and growth in China. According to the origins of pressure, NGOs in China can be divided into three types: the local and community sodalities and mutual help groups under the pressure of grassroots' demands; the volunteer charity organizations and vocational associations under the pressure of government functions changes; and charity volunteer groups subsidized by foreign institutions and foundation programs. The political participation of NGOs in China, however, is at an undeveloped stage. A most recent empirical survey based on the investigation into three provinces and cities indicated that the political participation of China's social groups has been mainly reflected in the subsidiary participation of their executive institutions. Their independent participation is weak, and possessed strong bureaucratic features. In other words, those NGOs were highly dependent on the government. Their main functions were to assist the implementation of government's policy and mission as well as help government to manage the whole society. The frequency of social groups' independent participation relies on government's initiative to consult public opinion although they have the function of interest-expression.[15] The phenomenon is highly correlative with Chinese government's cautious attitude towards NGOs. For example, the Chinese government on the one hand encourages NGOs' prosperity, and on the other hand, intensifies administrative control and political restriction on them. The Chinese government, to a certain degree, hopes civil organizations could take part in a certain field of civil charity service because of the economic institutional reform, the transformation of government functions and the participation in global charity activities. Meanwhile, the social groups and private non-enterprises are still under government's strict control according to the policies.

Regulations for the Registration and Management of Social Organizations (Shehui Tuanti Dengji Guanli Tiaoli) is the first regulation in this field issued against a special historical background in 1989. The limitations are listed as follows. Firstly, the entry conditions of social groups are relatively strict, including the number of members,

[14] See quote 13, pp. 246–249.

[15] Zhang (2004).

the amount and source of their assets, initiator and the qualification of possible executives. Secondly, the administrative management measures are relatively severe, for instance, the level-to-level registration and dual management system was established, which means that departments of Civil Affairs together with corresponding institutions manage the social groups jointly. And both registration and management of social groups are subjected to the control of corresponding sectors taken place at different administrative regions according to their activity ranges. The dual leadership system granted huge power to the host institutions, which are usually government sectors. Accordingly, almost all legal social groups are under government's direct control.[16] Thirdly, social groups have been subjected to persistent examination, clean-up and reorganization by the government. Except for the regular annual examination for the registered groups in the forms of pre-adjudication by host institutions as well as examination by the registration management department, the government would conduct periodical clean-up and reorganization for the nationwide social groups. For example, there were two nationwide clean-up and reorganization campaigns in 1990 and 1999 respectively, and 35,288 unqualified social groups have been written off in 1999. Fourthly, relative laws emphasize on regulating rather than protecting social groups' rights and benefits. Regulations for the Registration and Management of Social Organizations was revised and reenacted by the State Council in 1998. Regulations for the Registration and Management of Public Institutions (Shiye Danwei Dengji Guanli Tiaoli) and Interim Regulations on the Registration and Management of Private Non-enterprise Units (Minban Feiqiye Danwei Dengji Guanli Zanxing Tiaoli) were successively promulgated. To coordinate with the clean-up and reorganization of social groups in 1999, the State Council promulgated The Provision on Social Groups Setting Up the Management Agency of Special Fund (Tentative) [Shehui Tuanti Sheli Zhuanxiang Jijin Guanli Jigou Zanxing Guiding] and Opinions on the Revision of Registration of Private Non-enterprises (Guanyu Minban Feiqiye Danwei Fucha Dengji Gongzuo Yijian) together with other laws and administrative regulations were enacted in 1999. Measures of Registration of Branch Institutions and Representative Institutions of Social Groups (Shehui Tuanti Fenzhi Jigou Daibiao Jigou Dengji Banfa) was enacted by the Department of Civil Affairs in 2001. The enactment and implementation of above laws and regulations have further enforced the dual leadership system of social groups and the third sector in China. These regulations have clarified the responsibilities of registration approval departments when they are in charge of the registration and approval of the third sectors, guiding, supervising, examining and punishing the law-breaking cases in practical management. Meanwhile, host institutions take clear responsibility over the attached sectors or the third sectors for the registration application, political guide, Party building, financial and personnel management, foreign exchange and the implementation of activities. Notwithstanding these regulations are constituted, enacted and implemented

[16]The State Council of China had enacted "Regulations on the Registration Management of Social Groups," which has established a "dual leadership and hierarchical management system" on Oct. 25, 1989. In 1998, the revised "Regulations on the Registration Management of Social Groups" has reinforced the policy on social groups. See, Kang (2001).

by government sectors, most of which lack transparency, such as, some administrative sectors have the exclusive power to interpret and implement these policies and regulations, thus giving much flexibility to the administrative sectors.

Nevertheless, rigid laws and regulations not necessarily reflect identical mission results. The actual effect of government's control was not as rigid as some believed to be although it attempts to put social organizations under rigid management, due to the political, economic and social structure changes since the reform and opening-up, the aid programs sponsored by international organizations and China's entry into WTO.[17] First of all, the number of social groups in China has increased dramatically despite the limitations, which implies that government has not completely circumscribed new social groups to establish except for the two large-scale clean-up and rectifications. There were nearly 100 national social groups in 1965, and approximately 6000 local ones. They have been tapered off since the Cultural Revolution. After the reform and opening-up, the social groups have restored their activities and meanwhile, the number of them has increased remarkably. Up to June 1996, there have been 1800 national social groups and 200,000 local ones.[18] By the end of 1998, the total number of both social groups and private non-enterprises has reached almost 900,000. Secondly, the dramatic increase of social groups would correspondingly aggravate government's administrative burden on them. Without corresponding increase in administrative organs, the management is only a form. It precisely leaves much room for social groups' self-development and self-management. For example, before 1988, the inner government showed a lack of professional function department in charge of social group affairs, and as a result, various departments were entitled to examine and approve these groups. With such an overlapped administrative system, some social groups have established and launched their activities without any examination and approval. According to Regulations on the Registration and Management of Social Organizations enacted by the State Council in 1989, the authority to manage the registration of social groups has been definitely granted to the Ministry of Civil Affairs under the "dual leadership and hierarchical management system".[19] Thirdly, it is the host institutions to which social groups are attached that take charge of their actual operation whereas the Civil Affairs functional departments are simply responsible for examining and approving social groups' registration based upon the dual leadership and hierarchical management system enacted in 1989. Host institutions could take advantage of their attached organizations to engage in such affairs which are interrelated with their institutions but not suitably enough to directly interfere

[17] Some scholars maintain that Chinese government's management system of social groups is one of the most severe one, which are just about the same rigorous degree with only a minority of authoritarian countries, for instance, DPRK. See Liu Junyue, Chen Jinluo, "Government's Effect on the Development of China's NGOs in Present Stage," Issue 1, Journal of Zhuzhou Industrial College, p. 25.

[18] Wu and Chen (1996).

[19] Kang Xiaoguang, See quote 16, p. 10.

with by themselves. The subtle relationship between them makes the host institutions frequently be the sponsor and provider for varied resources. For instance, the funds for programs could be transferred directly to their attached social groups in some countries.

9.4 Conclusion

Research on NGOs based upon the concept of governance have not only ignored their political traits but also over-evaluated their actual organizational efficiency. Such habitual thinking patterns that take value judgments as a point of departure would not be necessarily favorable for NGOs' long-term development. Generally speaking, those who hold pragmatic perspectives would be much closer to the reality on the ground. Consequently, it is necessary for interactive communication on the theoretical level between both sides. And only by synchronizing with pragmatic perspectives can we bridge the gap between assumption and practical effects, thus making our discussion more instructive.

The development of NGOs in China is correlated with those all over the world. Their development models and accomplishments are embedded in the cultural environment and institution system of China. As mentioned above, NGOs have originated from the grassroots demands, the requests within government function transformation and the investment of foreign institutions and foundations. No matter what they are derived from, the three types of NGOs have gained sufficient room for development within the political, economic and social transition. In terms of the relationship between NGOs and government, the three types have not been treated equally on their sphere of activities and organizational objectives. Regardless of the types of NGOs, if their organizational objectives are compatible with the fields as government anticipated, like charity, they would receive corresponding support and assist from the government. Beyond that, their activities would inevitably be restricted. In addition, the mutual help-oriented objectives within small range could be approved by the government. On the contrary, long-term objectives would rely on how well they dovetail into the policy of the government as well as the political requirement of the Party. Groups that are highly socially connected would correspondingly attain support and recognition, while those that are insulated would suffer restrictions or suppression. Therefore, it is obvious that the relationship between Chinese society and social groups are subject to penetrative changes within the transition period. The changes are incremental under the government and the Party's domination and control.

The social groups in China could not completely follow the path and characteristics as the idealists imagined within present political institutions. The room for their development will primarily depend on the process and degree of the changes in CCP' s ruling principles, ruling style as well as the groups' capacity to size up the situation for expanding their political participation and their objective evaluation on their roles within their growth. The main criticism to optimistic views is not

to preach pessimism but to maintain a realistic perspective and cautious optimism towards NGOs. One of the relatively optimistic points is that social groups in China would gradually develop to genuine NGOs through the maturity of legal system and orderly social political participation so that they could become a kind of social force which are trusted and depended on by the CCP and government. Furthermore, they also want to develop benign interactions with government and the Party that are both cooperative and interdependent. Another position, however, holds that if NGOs or social groups' activities and objectives surpass the circumscription assumed by the government and relative policies, or even threaten to endanger the government's and the Party's authority in particular, then cooperative relationships nor benign interactions could hardly be achieved. Moreover, tensions and even outright conflict could arise between state and society. In conclusion, the persistent development of social groups in China depends not only on the support of correct concepts and theories, but also on accurate orientation targets within their independent scope of political participation, as well as mature self-regulation systems.

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Part IV
The Path and Policy Process of Government System Reform

Chapter 10
Institutional Restriction and System Innovation in the Reform of the Administrative Examination and Approval System

Since the State Council held a working conference on the reform of the administrative examination and approval system in October 2001, stressing the need to speed up reforms in this area, it has become a new hot spot for administrative system reform in China. During the "two sessions" held in March 2002, the reform of the administrative system and the administrative examination and approval system also became the topic of heated discussion among deputies. At the same time, a series of discussions on the reform of the examination and approval system has been launched in academia. The ongoing reform of the administrative examination and approval system plays an important role in the reform of the administrative system, which is aimed at transforming the functions of the government. This reform will inevitably have a profound impact on the institutional innovation of the government's executive system in the future. However, due to structural problems in the current administrative enforcement system in China, the reform of the administrative examination and approval system still faces many institutional problems in its implementation. Some theoretical and practical problems in the reform have yet to be solved.

This chapter argues that many problems arising from the administrative examination and approval system have certain relations with some concepts, functions, administrative methods, and enforcement methods left behind by the traditional system of administrative enforcement in China. Therefore, the reform of administrative examination and approval system must involve the deep question of how to change the current administrative system from the traditional quasi-mobilization model to that of the rule of law. First of all, the chapter puts forward some theoretical issues to be further studied in the reform of the administrative examination and approval system in China. Secondly, it analyzes the difficulties and institutional constraints that is faced by reform in this area. Lastly, it puts forward some suggestions on how to fundamentally realize the transformation from the traditional administrative enforcement system to that of democratization and legalization.

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10.1 Theoretical Preparation for the Examination and Approval System Reform

At present, most discussions on the reform of the administrative examination and approval system are based on two basic judgments. First, there was the need to develop and improve the socialist market economy. The traditional administrative examination and approval system is the product of the planned economy of the past, and was the main means of ensuring the operation of the planned economy. With the development of the socialist market economy in China, the share of the state-owned economy in the national economy has gradually dropped, and the market economy has dominated. State-owned enterprises have also gradually been pushed into the market economy through the reform. However, the current administrative examination and approval system is too burdensome, the actual examination and approval process takes too long, which not only causes a great deal of administrative corruption but also seriously impedes the normal development of the market economy. Therefore, it is necessary to reform this existing system.

Second, there was also the need to join the World Trade Organization (WTO). The accession to the WTO meant that China could enjoy many rights and interests stipulated by the organization, and must assume various obligations too. It has brought many opportunities for political and economic development of China. At the same time, it has brought many challenges. The largest and most direct challenge has been related to the government management system and its mode of conduct. According to the WTO rules, the current administrative examination and approval system in China does not meet WTO requirements in many respects. There are too many administrative examination and approval projects in the government; the relevant legislations have not been perfected; related laws and regulations are not stable and normative; and there is a lack of uniformity, fairness, and transparency. Therefore, China had to begin changing its role as a government, to readjust its functions and thoroughly reform the current administrative examination and approval system, "so as to make sure it conforms to the agreement of the WTO in general and connect to some universal rules in the world."[1]

The above two theoretical viewpoints seem to have currently become an important basis for discussing and analyzing the reform of China's administrative examination and approval system. However, from the perspective of understanding the problems that exist in China's administrative examination and approval system, and guiding the reform practice, these theoretical opinions still have quite a few limitations and deficiencies. First of all, at the macro-level, these views only superficially recognize the most common problems that exist in the current administrative examination and approval system in China, there is no enough discussion on the institutional causes of these problems. At present, many shortcomings in the administrative examination and approval system in China are indeed related to the planned economic system, but this is not yet the true essence of the issue. The administrative examination and approval

[1] Jin and Shang (2002).

system is a means of social and economic management of the state, but it is only at the micro-level of government management. This level of management is inevitably subject to and influenced by the concepts ordained by the administrative enforcement system, as well as its rules and methods. Therefore, the problems that exist in the current administrative examination and approval system in China are necessarily related to the long-lasting traditional system of administrative enforcement in China, including the general concept and construction of the administrative enforcement system. If the reform of the administrative examination and approval system does not focus on the deeper issues of administrative enforcement in China, if it cannot provide in-depth observations on the nature and characteristics of the current administrative enforcement system in China and its defects, if it does not discuss how this system has an impact on the current examination and approval system, then the mere factual review of the administrative examination and approval system cannot fundamentally clarify the tasks faced by the reform, nor can the reform fundamentally solve the problems in the examination and approval system.

Secondly, many analyses at the micro-level have only emphasized the following: the positive role of market mechanisms in allocating resources; the importance of expanding the discretionary power of enterprises; the significance of reducing the examination and approval items in building an honest and clean government and fighting corruption. These perspectives have ignored the necessity of the rational use of the means of administrative examination and approval in the economic life of modern society. They often consider reform one-sidedly as reducing the number of items that require approval. In these items, many are items that require license. In the government's administrative management system, administrative licensing is an important means for the government to carry out the micro-management of social and economic life in the country. The objective is to effectively control the production and operation scale in the market economy through the setting and implementation of administrative licensing so as to safeguard the normal market economic order, and to protect public interests and public safety. To this end, it is necessary for the government to set up a permit system in some relevant economic areas, to allow administrative agencies to implement administrative licensing powers, and issue permits in accordance with laws and regulations and certain approval procedures.[2] At present, there is no formal administrative licensing law in China. Many functions of administrative licensing are mainly exercised through the administrative examination and approval system established during the planned economy era. Due to the lack of uniform laws and procedures, and the lack of an effective system of administrative inspection and supervision, the provision of administrative examination and approval items and the procedures for receiving approval are mainly determined by each level of government department at their own discretion. This institutional arrangement means that the administrative departments of the government have considerable discretion in administrative examinations and approvals, resulting in a large number of phenomena of abusing administrative examination and approval power, and the pursuit of the departmental or individual interests. These phenomena are mainly

[2]Wen and Lu (2002).

caused by the institutional deficiencies and cannot be solved by simply reducing the number of items that need administrative approvals. The problems that exist in the administrative examination and approval system of China can only be solved through system-wide reform. Moreover, the reform involves many theoretical and practical issues that concern the management of a modern government. Therefore, it is necessary to conduct in-depth and detailed studies on these issues separately.

Finally, some discussions on the reform of the administrative examination and approval system have exaggerated the obligations of joining the WTO, ignoring the fact that China still retains certain rights after its accession to the WTO, and that it has equal bargaining status. Some scholars believed that after China's accession to the WTO, the agreement would immediately become the "law of the land", or become the basis for a law-based administration, or that the contents of the WTO agreement will comprehensively and directly affect all the various government actions in China.[3] Some discussions clearly advocate "full integration" with WTO rules and completely reforming China's administrative and judicial system in accordance with the systems of Western developed countries. In essence, the WTO is merely an international agreement-making institution and an arbitration institution. All acceded countries enjoy equal bargaining positions under the WTO's basic rules. When a trade dispute cannot be resolved by various involved parties, it can request the WTO to make a decision. Therefore, it can be said that the WTO provides a unique mechanism for the peaceful settlement of disputes in international trade issues. Although this mechanism adopts the stance that international law takes precedence over domestic law, it cannot negate the existence of state sovereignty. It is an important mode for seeking maximum international cooperation in various countries and regions in the era of economic globalization.[4] As can be seen from its development, WTO agreements and arbitration rights are not absolute, nor can they demand all participating countries to reform their own administrative and legal systems according to a certain template. For example, Super 301 of the *Omnibus Trade and Competitiveness Act* passed by the United States in 1988 is the law that implemented unilateral appraisals as a result of dissatisfaction with the dispute settlement mechanism in General Agreement on Tariffs and Trade (GATT) at the time. Although this provision violated the provisions of the WTO agreement, it has existed since the United States acceded to the WTO in 1994.[5] After China's accession to the WTO, it implemented its own pledges through actions and assumed due obligations. However, this did not mean that China should give up its rights. China has its own national conditions and the reform of the examination and approval system cannot be completely copied over from the standards of Western countries. Instead, it should conduct reforms aimed at specific problems based on its own conditions. Therefore, the reform of China's administrative examination and approval system should be based on real problems in China and seek solutions. Under the condition that it should fulfill its international

[3] Shen (2002). The full text of the article was published in *Chinese Administration Management*, 2001, Issue No. 11.

[4] For a discussion, see Zhang (2001).

[5] For a discussion, see Guo (2001).

obligations, China should also seriously consider how to fully exercise its rights, take active measures and countermeasures, seek benefits and avoid disadvantages, and protect national interests.

In short, reform of the administrative examination and approval system involves many deep-rooted problems of the administrative system. Therefore, it is necessary to conduct comprehensive research into these issues one by one, instead of talking about transforming government functions and conceptual shifts simply at the general macro-level theories.

10.2 Implementation Difficulties with Administrative Examination and Approval System Reform

So far, reform of the administrative examination and approval system in our country has been carried out mainly through top-down administrative means. The administrative examination and approval system reform measures include two major aspects. The first is that the central authorities make unified arrangements and, through administrative management channels, instruct governments at all levels to clean up the existing examination and approval items according to the requirements of the central government. They must also report the results of the clean-up to government bodies at higher levels. The government will gradually suspend, abolish and modify a certain percentage of existing administrative approval items according to certain procedures. With orders deployed from the Central Economic Work Conference, governments of all localities started to clean up administrative examination and approval items within their jurisdictions, one after another, abolishing and amending cumbersome and unnecessary items that were deemed unsuitable for the development of the market economy. Work in this area has been carried out throughout the country and some phased results have been achieved.

The second major aspect has been the implementation of relevant legislative work, including standardizing the scope and procedures of administrative examination and approval matters. After the National Administrative Examination and Approval System Reform Working Conference, the central government organized relevant departments to beginning drafting the Administrative Licensing Law. At present, a draft of the Administrative Licensing Law has been completed and opinions from all relevant parties are being solicited. The guiding ideology of the draft uses the market economy as its main frame of reference. It is in accordance with the requirements of the development of the market economy, and seeks to abolish administrative licensing items that are not suitable for economic development. On this basis, it also attempts to regulate the appropriate scope and the scope of power and responsibility of administrative examination and approval items, setting rules for the introduction of administrative licensing items in the future.[6]

[6]Zhang (2002).

However, under the current administrative enforcement system, both of the above methods may encounter problems with misplaced implementation and inefficiency, resulting in blockage and failure. In the event that no significant progress is made in the government administration system transition in China, clearing administrative examination and approval items through top-down administrative means is likely to have only a short-term effect and may be deliberately misinterpreted and arbitrarily altered by the enforcement departments, making the administrative examination and approval system reform a formality. In light of the past experiences, some enlightened local officials in charge of the reform have expressed such concerns. For example, a local official made it clear that "in order to uncover the short-term effects of the reform, the government will reduce the number of administrative examination and approval projects according to a predetermined proportion. As a result, it is very likely that the approval projects with little effect on rent-seeking will be cut off, while many departments may reserve some projects with large fees and charges, and some canceled projects may resurge. Some may adopt the principles of 'catching the major and letting go of the minor' or 'giving up a pawn to save the chariot', and only reduce annual inspection and filing matters. Some of the administrative examination and approval items to be canceled were broken up into several parts, in order to increase the proportion of the canceled projects."[7]

Of course, some realize that in order to make sure that reform of the administrative examination and approval system truly achieves its intended purpose, China should not only consider the short-term and sensational effects of the reform, but also focus on the long-term institutional development, institutionalize and legalize the system by enacting specific laws. However, the key is how to promote the institutionalization and legalization of this system. Since 1990, the institutionalization and legalization of administrative law enforcement have undergone ten years of efforts. Reforms in this area have always encountered many troubles. Since the implementation of Administrative Procedural Law in 1989, administration by law has become a focus of reform. In particular, when the principle of governing the country by the law was enshrined in the *Constitution* in 1999, the lawful administration, as an important part of governing the country by the law, has received more and more attention. Although the quality and degree of administration by law at all levels have improved, it is undeniable that the current state of administration by the law is still not optimistic. In recent years in particular, the failure to abide by the law, the lack of law enforcement, the ineffective supervision and the dereliction of duty have become serious problems that China continues to face in managing its affairs in a legal framework.

It has become apparent that in the process of implementing policy in the reform of the administrative examination and approval system, it is far from enough to emphasize only the responsibilities and obligations that China had after joining the WTO. It is also not enough to emphasize that the government must fundamentally change its functions in the transitional period of the economic system. Success of the administrative examination and approval system reform is not only a matter of raising awareness of government officials at all levels, but also relates in particular to the deep-seated

[7] Yang (2002).

problems of the administrative enforcement system, and to the vested interests of the departments formed under this system. Under the condition of the increasingly economic operation of the executive branch, it is very hard for the interest-driven government departments that have the power to conduct administrative examination and approval to give up the enormous benefits brought by administrative power through simply raising awareness or publishing a few critical articles on how "administrative power can be abused". At the same time, due to the super-compulsory, opaque and profit-oriented government management under the current administrative enforcement system, legal and administrative measures could not effectively prevent the abuse of administrative examination and approval power. Some departments may even utilize them as legal instruments for protecting their own interests. Therefore, the reform of the administrative examination and approval system should not be merely a matter of streamlining items and standardizing procedures. It must also involve the reform of the administrative enforcement system, involve the fundamental changes in the concepts entrenched in the government management and values, the establishment of government functions, the administrative methods, and the enforcement methods. Generally speaking, many problems that have arisen from the system of administrative examination and approval are related to China's long-established traditional system of administrative execution. To solve them, China must fundamentally reform its traditional system of administrative execution, and promote the fundamental transformation of the government administration system.

10.3 Constraints of the Traditional Administrative Execution System

The institutional constraints of the administrative examination and approval system reform are determined by some of the main features of the traditional system of administrative enforcement in China. The chief characteristic of the traditional system is the administrative structure of control-oriented government under a centralized structure. Under the centralized structure, the government has a super-coercive status as the executing agency of the state will. The main function of the government is to guide and control society. The society succumbs to the government. The government's administrative power is above the social rights. The government's power, functions and scale are not, or are rarely, restricted by the legislature and society. In China's transition to a socialist market economy, such a controlling administrative structure can easily lead to the abuse and the economic operation of administrative power. At present, there are too many matters that require administrative examination and approval in China. The examination and approval procedures are complicated, the steps are numerous and time-consuming. Some administrative departments use the examination and approval system to impose arbitrary charges and do everything possible to "dig things up" and "fight for power". They take examination and approval as a means for increasing departmental power and interests, which has resulted in

grave problems in the process of examination and approval, such as the sectoral divide of power, and departmentalization and legalization of interests.[8] These are the result of abuse and economic operations of administrative power. However, the excessive power of the control-oriented government and unclear terms of reference, the lack of effective external and internal supervision and control, and the non-institutionalization and non-legalization of the administrative enforcement system are the main reasons for this abuse and economic operation.

Another characteristic of the traditional administrative enforcement system is the quasi-political mobilization mode of administrative enforcement. Political mobilization generally refers to a process in which a particular political leader or leading group persuades or forces the members of the political group and other social members to agree with and support them. They are asked to voluntarily obey and actively cooperate, through imposing certain systematic values or beliefs, in order to achieve the goals and tasks regulated by particular political decisions. This kind of political mobilization is necessary, especially when the political main body, such as the ruling party, state or political group can hardly achieve their political goals and tasks without mobilizing the majority of the community members to work effectively together to achieve the set goals and tasks. Before 1949, the CPC successfully applied political mobilization strategies and methods, and gained victory in the new-democratic revolution. After establishing national power, some successful strategies, paths and methods of political mobilization were applied to the implementation of government administration and became an important means for accomplishing a series of social reform and economic development tasks put forward by the Party. There are two main types of strategies, approaches and methods commonly used in political mobilization. The first type is spiritual mobilization, which aims to invoke people's enthusiasm through publicity and agitation; enhance people's mental consciousness through education, compulsory learning and inculcation; and stimulate the mimicking effect of the majority by exemplary demonstrations. The second type is organizational mobilization, for example, when the majority of social members are recruited into various political organizations, and mobilization is promoted top down through the existing organizational structure; mobilize through certain mandatory forces; as well as launch large-scale mass movements to form a common position and concerted action of all social groups.[9] As time passes, these political mobilization strategies and methods became internalized in the administrative enforcement system and formed a unique quasi-mobilization model in the administrative enforcement system, which has remained to this day.

The advantage, though, of having this type of quasi-mobilization model is that when the central government's policy formulation tasks are difficult to implement and administrative enforcement capacity is insufficient, this model can give full play to the existing political and organizational advantages, concentrate political and social resources in the short run and force their participation in the administrative

[8] See Shi (2001).

[9] A general analysis of the paths, methods, and functions of political mobilization can be found in Liu (2002).

enforcement process so that the anticipated high policy tasks and purposes can be realized. However, this mode of implementation will inevitably create a lot of negative effects. For example, there may be too much emphasis on the politics, ideology and organization ways of mobilization; neglect of the institutional construction and legalization construction of the system, resulting in the non-institutionalized and non-legalized operation of the administrative execution; too much emphasis on the extensive administrative execution style; neglect of the specialization, standardization and proceduralization of administrative execution, resulting in the dominance of formalism which only pursues short-term effects in administrative execution, making it difficult to sustain the effectiveness of administrative enforcement and causing deviation in policy results. Too much emphasis is placed on the political and social utility of the outcome of the execution, neglecting the need to improve administrative efficiency and allocate the administrative resources rationally, increasing the investment of political and social resources in an unjustified manner, resulting in the high-cost operation of administrative enforcement and the spillovers of administrative execution,[10] etc. With the increasing complexity and specialization of modern administration, these negative effects of quasi-mobilized model of administrative enforcement will become more apparent.

The third characteristic of the traditional administrative enforcement system is that it is accustomed to implementing various guidelines and policies by applying task indicators. Administrative enforcement is usually done through the formulation of work tasks at higher levels. Tasks are then decomposed at various levels to the subordinate agencies that receive assigned task targets and deadline to complete. Then, according to the extent to which the task indicators have been completed, the leadership and executive departments at all levels are assessed and evaluated on the basis of this approach. Since the incentive mechanism of such an execution system is based on the degree to which the tasks and individual work indicators laid down by superiors during the given period are completed, strong control of the supervisory mechanism mainly comes from the regular examination and review how well the hard task indicators are completed. Local authorities and executive agencies, motivated by rigid task indicators, focus only on the achievement of specific task indicators at specific times. Inspired by such a singular performance standard, perpetrators often only consider how to use various means and methods to accomplish the tasks, while neglecting the legal basis and procedural legitimacy of administrative enforcement

[10]I use "the spillovers of administrative execution" to summarize all the phenomena of the extra costs and burdens imposed on society by government administrative agencies in the provision of public goods. For example, the administrative examination and approval procedures and processes only consider how to reflect the authority of the administrative department, and how to meet the administrative conveniences of administrative staff. There is an over-imposing of punitive measures, an increase in the cumbersomeness of applications, over-charging of administrative costs and service fees, making use of the right to accept bribes, so that the involved parties have to pay high application costs. As another example, in the implementation of policies, drastic and unlawful actions have been taken against the legitimate rights and interests of parties involved (especially in the implementation of rural policies). The spillovers of administrative enforcement not only increase social costs and burden, but also increase the political costs of the regime, increasing, for example, social dissatisfaction, distrust and social resistance to the government and even the ruling party.

acts, and even deliberately defy them so as to trample on the laws, regulations and procedural provisions that are considered to be obstacles to administrative enforcement in the completion of some tasks. Because the quasi-mobilization implementation system helps reduce the constraints of regulations and procedures on government agencies and officials' law enforcement, it is difficult to perfect and protect the legal system. Due to the lack of effective supervision of administrative procedures, the task-based administrative enforcement method can easily result in infringement of public power on the social groups, legal persons and civil rights. In addition, when the superior agencies issue a "heavy load" or "overload" of the task indicators related to the vital interests of the performer, then the executor will adopt tactics of "bullying and hiding" and "falsely reporting achievements" to create "achievements", using the idea that "where there is a policy, there are countermeasures" to safeguard their own interests.

These characteristics of China's traditional administrative enforcement system will inevitably affect the implementation of administrative examination and approval system reform. Therefore, in order to bring about positive reform results, it is necessary to implement the reform at several levels. It is necessary to clean up the administrative examination and approval items at all levels of government, reduce the number of items in a short period of time, and also establish legal norms in the administrative examination and approval system through proper legislation. More importantly, China must also fundamentally reform the long-established system of administrative enforcement and transform the still-traditional system of administrative enforcement into a system of responsible execution, based on democracy and rule of law. The clampdown on administrative examination and approval matters will only be an expedient measure. Establishing legal norms for administrative examination and approval is the long-term plan, and changing the system of administrative enforcement is the fundamental method.

10.4 Institutional Innovation in the Transformation of Administrative Enforcement System

Institutional innovation in the transformation of the administrative enforcement system includes two dimensions. First of all, the existing government management philosophy must be changed fundamentally. Under the long-term influence of the quasi-mobilization traditional enforcement system, the government's policies and administrative regulations are not very concerned with protecting the legitimate rights and interests of citizens. In the management process, the government requires citizens to fulfill their obligations, but seldom protects the rights of citizens, exercises administrative powers and has very little administrative responsibility. This situation will inevitably lead to a serious disconnect, misplacement and unbalance between citizens' rights and obligations, government's power and responsibility in the process of law enforcement. The result is that government law enforcement agencies

only seek the compulsion, authority and convenience of law enforcement, but neglect the legitimate rights and interests of other parties. This has caused law enforcement departments and officials to abuse public power, compete for power within the market, and seriously infringe on the interests of society and citizens. Therefore, in the process of reforming government functions, China must completely change the traditional concept of governing the people, and instead governed by rule of law, and establish legal awareness of the rule of law.

Second, the transformation of the administrative enforcement system must also promote the fundamental transformation of the government management and administrative enforcement system. It is necessary to change the management system of the past, which strengthened the civil obligations and government's power, and establish a new management system that strengthens civil rights and government's responsibilities, establish a sound democratic and legalized responsible government. The current legislation in China only focuses on setting civil responsibilities and does not attach importance to setting the government's responsibilities. Purportedly, some comprehensive laws that regulate government behavior are incomplete, and some of the laws and regulations lack government responsibility, or overly soft and non-deterrent, or too politically-oriented and cannot be held accountable. The current administrative enforcement system only emphasizes the exercise of executive power, and does not attach importance to assuming administrative responsibilities. There are also many institutional gaps in the supervisory mechanism for administrative enforcement. Although the main bodies of external supervision are numerous, it is difficult to form effective supervision because of unclear definitions of supervisory power and procedures. Supervision often fails due to the relationship of mutual benefits formed by the interests connecting the superior and inferior. Although many regulations has been established as special supervision, it is constrained by unresolved administrative attachments. To fundamentally solve these problems, China must establish a complete system of responsible government management, strengthen government responsibility, and strengthen government oversight mechanisms.

According to China's current national and institutional conditions, establishing and improving the government responsibility system as soon as possible is both necessary and feasible. To establish and perfect the government responsibility system, China should first of all control the system of administrative authority that is independent of administrative interests. This can be done through maximizing control over the executive power, essentially, over the source of power. A system of administrative enforcement that is linked to administrative rights and benefits should be created. According to the basic constitutional arrangement of the NPC in China, administrative power at all levels of government comes from the authorization of the NPC at all levels. It is supervised by and responds to the NPC. In accordance with this basic constitutional spirit, China should strengthen the legal status of the NPC as the supreme organ of state power and the responsibility of the government administration power through systematic and substantive institutional arrangements such as questioning, debriefing and trust cases. All of this should be done for the sake of establishing an honest responsible government.

Second, there is a need to strengthen the political responsibility of the government and to establish a system of political responsibility that government officials should assume in accordance with their powers. The reasonable separation of political officials and administrative officers should be implemented according to their different levels of authority and responsibilities. As the executive heads elected or appointed by all levels of the NPC have special political and legal status, these officials should assume more responsibilities than the average civil servants. Therefore, it is necessary to establish and improve the system of political responsibility for administrative leaders to recall, resign, or be ordered to resign when there is a serious violation of law, dereliction of duty, or abuse of power in the work of the government. As a matter of fact, the "recall" system, which is formally responsible for investigating political responsibilities, has long been written into our Constitution and Constitutional Law but has been rarely used in practice for various reasons. In order for this system to really work, it is necessary to establish and set up specific operational regulations based on the principles of the system, such as the relatively easy-to-implement political responsibility system of taking the blame and resigning. At the same time, China should further improve the system of administrative sanctions and criminal penalties for all civil servants who may be guilty of administrative dereliction of duty, abuse of power, corruption and other acts. The system of administrative responsibility should address the illegal acts of the administrative authorities revoked, altered, confirmed illegal, or be ordered to redo the work, compensation for damages. It should also have a mechanism for administrative organs and civil servants to apologize to citizens and legal persons due to minor illegal omissions or bureaucracy.

Thirdly, in view of the drawbacks of the "quasi-mobilization" type of administrative system, China should explicitly eliminate the political mobilization form of administrative execution and strictly implement "administration according to law" and a responsibility system for the administrative enforcement of law. The administrative acts of the government must have a legal basis; the functions and powers of the administrative organs at all levels set by the state laws, regulations and rules should be seen as the responsibility of the administrative law enforcement in order to restrict power. The agenda should focus on reforming the task-based administrative execution evaluation system, changing the assessment methods of considering mainly economic indicators and other individual indicators, and establishing a scientific administrative performance evaluation system. Laws and regulations should be enacted to completely abolish various so-called internal task indicators, such as the tax completion indicator, traffic violation penalty indicator, industrial and commercial charge indicator, and gambling and prostitution fines, etc., all of which have been formulated by specific grassroots implementing agencies. The assessment of all levels of government and government officials should mainly involve examining their administrative law enforcement responsibilities and see if they are due diligently in their administration by the law, performance of administrative duties, and safeguarding of the unification of the law and smooth flow of government orders, creating a sound environment for the rule of law. Assessment of the "performance" of the government and officials should mainly involve examining the comprehensive index of social development in the region during the term of office that an official is

exercising his or her functions and powers. It is more scientific, accurate and rational than assessing single indicators or local measures such as economic indicators, education indicators, social security indicators and family planning indicators. It is also more conducive to preventing the negative effect of implementing task indicators.

Fourthly, we should further strengthen the supervision mechanism of administrative power and vigorously enhance the independence, openness and democratic participation of supervisory bodies. Their independence is the basic premise of ensuring the fairness of supervision. Internally, the independence of audit and statistical supervision should be strengthened. As far as external supervision is concerned, it is necessary to continuously strengthen the administrative supervision function of the NPC in this respect, and extend the working hours of the NPC Standing Committee, and allocate corresponding full-time professional support staff so that the work of government agencies can be supervised simultaneously and synchronously. The people's court system should be freed as soon as possible from the awkward situation of being subject to the government with respect to its people and property, so that it can be truly independent in the adjudication and judgment of administrative litigation cases and ensure its supervision over the administrative authorities. The democratic participation of supervisory bodies is also key to ensuring the fairness of supervision. There is, for example, a need to establish and improve the hearings and trials system, a system of citizen complaints against the government, a system of petition visits, and a system of citizens' right to information. Through extensive public participation, communication between the government and the public should be conducted to expose the negative phenomenon of corruption and promote impartiality, openness, and administrative enforcement efficiency.

Fifth, China must vigorously raise its sense of responsibility, awareness of the rule of law and overall quality of civil servants, especially at the grassroots level. Civil servants are the ultimate implementers of all administrative activities and they have a direct impact on the process and quality of administration by law. The government must formulate training plans of administration by law and annual implementation plans for civil servants, so that civil servants can really think about and solve problems on the basis of administration by law. Through effective measures of regular training, work with certificates of employment and other, civil servants' cultural quality and legal awareness should be continuously improved.

In short, the transformation of the administrative enforcement system is a necessary condition for the successful reform of the administrative examination and approval system. The establishment of a new type of government responsibility system will be a breakthrough point in the thorough transformation of the traditional administrative enforcement system. As long as China can continue to push forward reforms in these areas and ultimately transform the traditional system of administrative enforcement, then there is hope for building a responsible and law-abiding government that is honest, diligent, pragmatic and efficient. This will then hopefully lead to establishing a just, open, reasonable and legitimate administrative examination and approval (administrative license) system.

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Chapter 11
Structural Restraints and Institutional Innovation in Local Governance

In the governance system under China's unitary administration model, local governments not only have to undertake the overall administration responsibility for the regional development and stability but also have to accept the professional and functional supervision of various departments of the central government. This compartmentalized management system creates an objective structural constraint on the system innovation of local governments. In a governmental administrative system where the two contrasting logical notions of hierarchical authority (known as a "kuai") and administration based on function (known as a "tiao") are combined, the biggest obstacle to the system innovation in local governance is to protect the interests of various internal departments under the "dual leadership". To make a breakthrough in the systematic protectionism of interests, local leaders with keen determination to reform the governance system must actively take initiatives, acquire more political resources, and take advantage of new creative forces in implementing corresponding system innovation in local governance. This chapter takes a look at the administrative examination and approval system reforms in Shunde, Guangdong Province, and Ningbo and Taizhou, both in Zhejiang Province. These regions were chosen to be part of the case study based on the principle that development-oriented local governments are more inclined toward reform and more enthusiastic about trying to break through the "tiao-kuai conflict" in governance reform efforts. More importantly, a breakthrough in the structural contradictions of political resources will still largely come from the systematic resources in the administrative tiao-kuai patterns. This includes taking full advantage of the political signals coming from upper levels of government, securing the authoritative support of upper-level leaders, persuading or deterring the various functional departments that hinder reform, and implementing a reform of governance mechanisms. At the same time, horizontal policy learning among different local governments or "pilot" authorization between upper and lower levels of government can be used to expand the political network of the reform, to obtain "de-risked" and direct innovative knowledge, legitimacy, authority, and other resources that directly serve the reform. To avoid the political risks that are brought about by system-wide innovation, and without disrupting the existing power struc-

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ture, a new functional department (administrative service center) can be established to promote the organizational objectives of the administrative examination and approval system reform.

11.1 The Dilemma of Administrative Examination and Approval System Reform in Local Governance

Generally speaking, administrative examination and approval is a method used by the government to intervene in the economy and to manage society. It is a means to an end. In an ideal situation, its existence is meant to remedy "market failures" by using public authority to allocate profit motives of the free market by force and to regulate the moral hazards and social inequalities that could potentially be sparked by market operations. China's administrative examination and approval system were quickly piled onto the transition of a planned economy towards a market economy. Other than regulating market forces, it was "to a large degree, put forward as governments' expedient measure of implementing social control as administrative commands and guidance retracted",[1] so it can be seen as the product of the inertia of traditional control and modern market management.

As the market economy gradually self-nurtures and grows, tension is created between the internal demands of resource flow and administrative examination and approval, which is government control-oriented. This tension hinders the development of the market economy to a greater extent, thus making reform ever more imminent. As early as the end of the last century, local governments with a strong orientation towards development[2] were the first to experiment with reforming the administrative examination and approval system. In 1998, Shenzhen officially initiated efforts to reform the examination and approval system, then creating a ripple effect towards coastal regions such as Ningbo, Qingdao and Hangzhou, and spread to the central and western inland areas. In this period of over ten years, many remarkable achievements have been made in innovation and reform. At the same time, the Chinese government aimed to realize the commitments it made to the World Trade Organization (WTO) after its accession. Three years after Shenzhen's reform, the central government initiated a nation-wide reform agenda and through several series of attempts, began to streamline and cut down items requiring examination and approval in various departments. In the first six series of reform efforts (2001–2012), the number of canceled and decentralized items necessary for administrative

[1] Zhang (2003).

[2] Mainly refers to two levels of government: the municipal and district (county), compared to the provincial and township (street), have relatively complete political power structures and independent financial structures, thus making them more autonomous and able to take stronger initiatives in performing their functions and supplying public goods.

approval accounted for more than 70% of the original total.[3] Compared to other economic and social reforms, local governments have demonstrated the urgent need for reforming the administrative examination and approval system. The level of motivation is sufficient and innovative practices have continuously emerged. However, although the central government has helped and supported the most recent wave of reforms in this area, local governments are still struggling, and it remains difficult to systematically converge reform achievements and consensus on a big scale.

Why are local governments' administrative examination and approval system reforms so difficult? Most of the current literature on this topic has developed from the two perspectives of protecting interests and institutional obstacles. Those who argue that government departments protect their interests see the examination and approval system reform as the self-revolution of government.[4] While the government makes micro-level interventions in the market and the public through administrative examination and approval, it also "creates rent" and "extracts rent", earning operation funds that will support the government,[5] particularly the specific functional departments that were created from the division of labor by profession. The current structure is loosely defined by the principles of "departmentalizing government power, defining the interests of the departmental authority, and putting profit channels through the examination and approval system". Those who profit from the existing institutional arrangement continue to defend the existing power structure and interests, thus creating a huge obstacle in the way of reforming the administrative examination and approval system. From the perspective of the policy process, the local governments' administrative examination and approval system reform is a zero-sum game involving the asymmetry between information and authority. The relevant functional departments in the government have to implement reform policy while suffer losses from the reform. As the ones who execute policy decisions, they can use their relative advantages as gate-keepers to influence the progress or direction of reform and retain each department's approval power at the maximum level.[6] This involves, for example, using secretive strategies to add items while seemingly downsizing it; intercepting items to give to designated intermediary agencies whose interests are directly linked to the department[7]; trying to cut less profitable projects and retain the core interests of others; or providing alternatives such as the "non-licensing examination and approval system", "record on file system", "examine and authorize system", or other similar types of bureaucratic disguises.[8]

In the current literature, scholars who focus on institutional barriers tend to believe that the system of administrative examination and approval is an important gesture of vetoing institutional change. Laws and regulations are relatively slow to catch up with reality, and the complexity of the procedures and bureaucratic nature of the

[3]Li and Lu (2015).
[4]Liao (2006).
[5]Zhao (2004).
[6]Pan (2010).
[7]Hao (2015).
[8]Li and Liu (2013).

administrative examination and approval system[9] are different from the characteristics of the general administrative law enforcement system. This allows the functional departments to enjoy a high degree of freedom in the enforcement process, as well as the retention or cancellation of the decision-making process.[10] Due to blurred lines between cross-functional departments, there exists a large number of examination and approval system-related tasks covering a wide range of fields; the legalization of their management is slow and lacks defining features such as effect supervision mechanisms.[11] Although reformers attempt to incorporate the examination and approval system into a standardized process based on the rule of law, the complexity of the content weakens the feasibility. For example, the original intent of "non-administrative licensing approvals" was to resolve the difficulty of categorizing different types of actions by creating a division between internal and external approvals, but it, in fact, left a grey area in which each department was able to retain approval power without being subject to legal scrutiny.[12] Additionally, the fact that administrative examination and approval is managed by numerous departments at once has also presented the reform efforts with challenges. According to the statistics, there are many repetitions, overlaps, and even conflicting content in the actual implementation of administrative examination and approvals in various departments,[13] though most of them were established by the central ministries and agencies; the local governments can only hopelessly echo the central government.

Therefore, whether it is an analysis of protecting interests or an analysis of structural barriers, we can see that these studies all attempt to explain why the reform of the administrative examination and approval system is difficult to push forward. The three relevant case studies we have selected for this chapter also reveal similar issues; the difference is that these regions have made certain achievements in implementing system innovation in their reform campaigns. In the same bureaucratic political environment and under the same restraining conditions, the three local governments used similar means in their administrative examination and approval system reforms to overcome the resistance of the bureaucratic politics, and each region can be defined by unique characteristics and different areas of focus concerning system innovation. Despite the existence of a game theory of bureaucratic interests and institutional obstacles, some local governments are nonetheless eagerly promoting system innovation in local governance. The policymakers in these areas mobilize formal and informal resources to push forth reforms while providing a certain level of allowance and tacit approval of various functional departments "interchangeable" administrative strategies, in exchange for gradual step-by-step reform results. Can the reform experiences of these three regions provide a fresh perspective on changing

[9]Chen (2014).

[10]Di (2014).

[11]Lv (2007).

[12]Luo (2013).

[13]ibid.; Beijing Municipal Government Legislative Affairs Office Research Group, "Review of the present situation and reform of administrative examination and approvals (Part 1)," *Administrative Law Review,* 2003 (1).

the zero-sum game arrangement of bureaucratic political interests? Strictly speaking, is the initiative of the local government officials an important factor in breaking self-looping cycle of the false administrative authority of functional departments? Also, local governments' administrative examination and approval system reforms were not meant to exist in a close political environment to begin with. Instead, they should be embedded in the tiao-kuai network of the larger administrative structure, since this structure not only defines the level and type of division of labor but also allows the exchange of information and resources. There already exist analytical studies that mention the tiao-kuai relationship in the administrative structure of examination and approval system reforms, but they are mostly static analyses that tend to ignore the interaction between actors and institutions. This chapter, on the other hand, attempts to analyze the dilemmas of local governments' administrative examination and approval system reforms from a structural angle. We believe that the obstacles mostly come from the tiao-kuai system at multiple levels, and that this is the root of chaos in related reform efforts. At the same time, our research shows that the multi-level tiao-kuai network in the administrative structure has also provided local governments symbiotic resources and information for a breakthrough in reform deadlock, and it has also provided institutional space for the zero-sum game between groups of local stakeholders.

11.2 Tension Between the Tiao-Kuai System and Local Government Administrative Examination and Approval System Reform

Generally speaking, the direct beneficiaries of the administrative examination and approval system reforms are clearly the economic organizations in society and their operators. Reform will allow them to be exempt from going through the cumbersome procedures and low efficiency of the examination and approval system, while creating a more open and competitive market with cost-effective products and services.[14] However, this huge group of beneficiaries is only a *potential* group. They see the administrative examination and approval system as a typical public good; the non-exclusive and shared nature of the benefits of the reform means that it lacks sufficient selective incentives for these groups to organize collective action. The starting point for corporations and social organizations is usually maximizing their utility. The use of social networks or rent-seeking tactics is way to ensure that their projects are approved promptly. Thus, in the absence of a strong force from the society, the administrative examination and approval system reform has become a closed system of governments' self-adjustment and interests played out through game theory. The

[14]Baum pointed out that "the transfer (transfer from the free market to the regulated economy) damages the citizens and consumers, since, in order to create more consumption, there are things some officials think they should consume, they have to pay more taxes, pay a higher price, but they get less than what they really wanted." Reprinted from Lu (2002).

weight of economic evaluations and the direct reality of tax revenues and budgets give local governments a clear direction for development[15]; the greater the willingness to develop, the more eager local governments are to break the barriers that the examination and approval system has created for financial operations and project development. However, this reform is embedded into the governmental system and is also naturally influenced and restricted by its tiao-kuai system and its power logic.

First, we analyze how the governmental structure's tiao-kuai combination and its power logic influence reform. "Government is a power system with organizations."[16] The tiao-kuai system is a typical characteristic of China's administrative establishment. In terms of the organizational framework, it is manifested in the combination of a vertical division of hierarchies and a horizontal division of departments "through cutting the whole hierarchy of administrative divisions into kuai, and through cutting all levels of the corresponding departments into tiao".[17] The "kuai" here represents the interests of the government at a specific administrative level, including the economic and social development within its area of jurisdiction, while "tiao" is established on the foundation of a professional division of technocracy, taking on the burden of management functions in each professional field. The result of the tiao-kuai system is an "up-down matching, left-right aligning" formation in the institutional design, as well as a high level of consistency between the authority and function of each administrative level, creating an "isomorphic function-responsibility" model.[18]

From the angle of power relations, despite that each department is part of the bureaucratic organizational structure, "kuai" and "tiao" operate according to different sets of logic. In the kuai structure of the hierarchical system, local governments' authority at all levels is obtained through top-down "authorization", which means being commissioned by an upper-level government.[19] Specifically, this type of principal-agent relationship is operated based on a "level-by-level administrative contracting"[20] Model. Upper levels of bureaucracy award a variety of tasks within their jurisdiction of governance (including taxes, public security, and education) to local governments via contracts. At the same time, they use quantitative indicators to carry out inspections and evaluations of the results. Even though this means adds pressure to each administrative level, it also gives local governments a generous amount of flexible space and autonomy to complete the task of indicators. Compared to the kuai structure's "authorizing" and "contracting" features, the power relations along the tiao follow the operating logic of rational bureaucracy more closely. Firstly, there is a relatively strict division of expertise and administrative business between functional departments. Within one functional department, the composition of function and responsibility is more or less the same from top to bottom. Additionally, the functional departments' exercise of power is more stringent than that of local governments

[15] Yu and Gao (2012).

[16] Elkin and Soltan (1993).

[17] Xie et al. (1995).

[18] Zhu and Zhang (2005).

[19] Zhou (2014).

[20] Zhou (2008).

regarding laws or regulations, which makes them more inclined towards rule-based behavior style. Lastly, in the relationship between upper and lower levels, while there is the task of indicators on the performance evaluation (e.g., administrative examination and approvals, administrative law enforcement), the implementation and the legitimacy of the process are also brought into the assessment. The right to check and accept all of these standards substantially comes into view.[21]

When these two sets of staggered horizontal and vertical operating logic are embedded into an isomorphic responsibility system of governance, they produce a substantial impact on the administration's implementation system. A popular view is that such a compartmentalized tiao-kuai system has led to an uneven power allocation, leading to a vicious cycle of "collecting the dead and freeing the chaos". The reason for this is, on the one hand, the central government's use of the tiao line system[22] for distribution and planning, transporting resource, and adjusting control over local governments have weakened local governments' overall planning and coordinating abilities. This has become even starker after the use of project-based management has led to a greater concentration of human and financial resources in functional departments. On the other hand, the devolution of administrative reform and universalization of administrative contracts meant that incentives emphasized the responsibility of "kuai" in the local region of administration, strengthening to some degree the possibility of detaching from central government control and the idea of self-autonomy.[23]

Secondly, this chapter takes a look at the implementation logic behind the "tiao-kuai conflict" in local governments' administrative examination and approval system reform. Research on the tiao-kuai system is mostly based on analyses of a static system. In the generation and implementation of local government decision-making or of the reform agenda, how does the tiao-kuai system provide institutional spaces for the relevant actors? How is tension transformed into local conflicts and obstacles in structural reform? How does this structural tension turn into conflicts and obstacles for local government reforms? Can this complexity somehow create the adaptability and flexibility needed to resolve or break the barriers to reform? These topics require detailed inquiry, and local governments' administrative examination and approval system reform can provide an appropriate and observable case study for such an investigation.

The administrative examination and approval system was created and expanded by the tiao-kuai system. "Technocracy" implies that the state's management of the economy and society is established by functional departments that are divided by

[21] Zhou and Lian (2012).

[22] In the strip-line system of government relations, there are different forms of vertical management: the first is the implementation of vertical management at the national level, including the number of ministries and state bureaus, such as the Ministry of Railways, the General Administration of Customs, and the State Administration of Taxation; and the ministries agencies in local governments, such as audit commissioner, provincial bureaus or regional and municipal investigation corps, etc.; second is the vertical management within the province, including the Local Taxation Bureau, land and resources management departments, etc.

[23] Ma (1998), Zhou (2009).

technical expertise. The first order of business in state governance is establishing the rule of law. At present, the majority of laws and regulations are created by a single department or further improved upon at the proposal of the department. Therefore, in the process of establishing the law, functional departments can easily take advantage of relatively monopolized information and agenda-setting power to expand their scope of administrative supervision, increase budgets, or even set up a rent-seeking space.[24] This is due to the acquisitive and expansive characteristics inherent to the bureaucratic system. Therefore, the goal of simplifying bureaucracy and allowing autonomy in the administrative examination and approval system reform is, in reality, the "kuai" attempting to readjust and restrain the "tiao", that is moving the "cheese" of the functional departments. This inevitably leads to dissatisfaction and resistance along the entire tiao. At the central government level of decision-making, in an eleven-year period (2001–2012), there was a strong push for six rounds of campaign-style clean-up of the administrative examination and approval system. But each ministry's familiarity with the numbers games and various kinds of adaptations to the formal administrative process has weakened the effects of the reform, hence leading to the problem some scholars referring as "chopping chives, cutting down one batch after another".[25]

Because of the "function-responsibility isomorphism" between different levels of government, the same kind of problem can also be said of local governments' administrative examination and approval system reform. Local governments that have initiated reform not only face the extended tiao-kuai conflict within the central government but are also subject to complicating the issue due to their limited power and authority. Even though the function-responsibility isomorphism in each level of government renders the scope of function relatively vague, and the interaction between government officials is highly subjective, their authority is nonetheless limited, thus forcing them to operate within the framework, rules and regulations of upper-level government policies. The currently existing administrative examination and approval tasks were mostly introduced through layers of regulatory documents issued by all levels of government, which implies that when local governments are faced with these tasks established by upper levels of government, they have no choice but to take a laissez-faire attitude, even if the tasks do not conform to the rules of the market or if the content or procedures of the tasks conflict with each other. The power relations within the "kuai" create a paradox between information and authorization in the reform. The lower the level of government is, the more closely the problem is felt, making it more likely for them to have a genuine understanding of the drawbacks in administrative examination and approval matters; however, the lower the level of government is, the more limited the administrative authority will be, as

[24] Wang Kewen has found that for real estate development projects, there are upwards of 130 different fees (excluding eight tax-related fees) from developing the land to completing the process of examination and approval, accounting for more than 15% of the cost of the entire real estate sales. This does not include all kinds of hidden costs the enterprise must pay to obtain administrative approval. He points out that the examination and approval authorities are highly combined with departmental interests. See also: Wang (2014).

[25] Shen (2014).

"congenitally deficient authority" means that there will be more difficulties in the push for reform.[26]

An even more complicated problem that local governments face is that local functional departments avoid reform. Most functional departments in local governments are in a "double subordinate" position in that they follow the political and administrative leadership of a specific level of government while simultaneously following the guidance and leadership of the managing department when it comes to administrative tasks. Objectively speaking, being subject to two different upper-level authorities causes the potential risk for confusion about roles in the organization as well as professional duties. However, when it comes to the administrative examination and approval system, this "dual subordination" is a structure that provides institutional protection, enabling government officials to move around in the space between the kuai and tiao. Theoretically speaking, since (a portion of) political party leaders in the same level of government possess that department's core resources, such as cadre examinations and financial supply, functional departments "more so pursue the interests that are represented by this level of government".[27] However, since the administrative examination and approval system reform is in itself a redistribution of power in functional departments,[28] each functional department tries its best to reduce any losses in power and interests caused by the reform, based on self-preservation instincts. For example, the use of alternative administrative measures in addition to planning and coordinating allows the kuai to shift the responsibilities of reform to upper-level administrative departments and public administration expertise. Local governments then have trouble implementing reform. The establishment of e-government websites is a classic example. In the general trend of solving departmentalization problems, each tiao within the administrative framework has its own data collection and business management systems. For example, the public security's internal system has many of these "information islands". The existence of "information islands" means that the collection and approval of similar information need to be repeated several times, which not only drains the relevant departments of human resources and time but also greatly reduces the efficiency of administrative examination and approvals. Some local governments at the forefront of the administrative examination and approval system reform hope to use network technology to break the digital divide between departments. They have suffered great resistance from functional departments since many directly use the following as a rebuff: "The data system is established by the upper-level administrative departments, and you have no right to change it". Therefore, local governments with a strong will to implement reform must develop new resources and use political skills to break through the restraints of the institutional structure.

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[26] Zhang (2014).

[27] Ma (1993).

[28] A local cadre pointed out that "fewer examinations and approvals mean less power, the department is smaller, and it is difficult to establish authority in the local area." See also: Qian (2014).

11.3 Reform Experiments in the Three Local Governments of Shunde, Ningbo and Taizhou

Though local governments have experienced similar predicaments in the administrative examination and approval system reform, each region's urgency and focus of the reform is different due to the differences in their degree of development. Generally speaking, places where the private economy is relatively developed and capital flows are relatively free have had more profound experiences with the inconveniences caused by the cumbersome and time-consuming administrative examination and approval system, and thus will be more eager to push forward reform. Based on this assumption, we selected the three local governments of Shunde, Guangdong Province; Ningbo, Zhejiang Province; and Taizhou, Zhejiang Province, which have all experimented with administrative examination and approval system reform, as our case studies. We attempt to explain the important role that subjective initiative plays in making a breakthrough in institutional barriers in local governance. All three regions are part of the developed coastal region of China, with a relatively strong private economy foundation. In the process of attracting business and investment and conversing their sources of tax revenue, these local governments often experience difficulties with the administrative examination and approval system. They have accumulated relatively conclusive basic information, and they possess strong intentions to reform the system. Most importantly, all three local governments and their main officials have achieved tangible results in promoting and implementing the reform. The descriptions and analyses in these case studies are based upon numerous field studies in each region, including first-hand materials from thorough interviews with the policymakers, business officials, and scholars involved in reform.

11.3.1 Shunde, Guangzhou: From Management System Reform to Administrative Mechanism Reform

In the 1980s, Shunde relied on its position adjacent to Hong Kong and Macao to create some basic advantages in its geographic location and collective economy, particularly by developing and industrializing its township enterprises. At the time, half of the top ten township enterprises in the country were concentrated in Shunde, and their home appliances, gas appliances, clothing, and textiles were popular throughout the domestic market.[29] To resolve the issues of "unclear property rights, lack of division between the public and private, and confusion over rights and responsibilities" in the development of township enterprises, Shunde initiated the first "property rights reform" in the country in 1993 and pushed forth a shareholding system in enterprises. The formidable "local enterprises" put forward even higher requirements for the market environment and government services, using a variety of social networks to

[29] Zheng (2005).

pass their appeals. A Shunde government official described that kind of pressure as follows: "…When entrepreneurs put pressure on you, they will say, 'Your Shunde (government) reform is so slow, and approving a project is so slow.' The pressure is too much, and we have no choice but to make changes"; "…they will put forward a lot of demands and say that you are not able to resolve the basic needs of talented human resources, not able to keep employees since administrative examination and approval takes many days to solve a problem."[30]

Economic development levels and requests from society are representative of changing tides in demand, which is a necessary condition for reform, while the government's momentum in institutional reform is the decisive factor. From this perspective, Shunde's administrative examination and approval system reform can be seen as a continuation of the "Super-Ministry System" reform that had been blocked, or as a third road between the economic system reform and the political system reform. In 2009, Shunde initiated a super-ministry system reshuffling and comprehensively streamlined 41 party and government agencies, merged those with similar and mutually-related responsibilities, and established 16 major ministries with a wide range of functions. This was considered China's "most daring" reform of the "party and government super-ministry system". The reform directly addressed the institutional crux of the government's operations, so function and responsibility integration, resource allocation, and quality of service were all improved.[31] The provincial leadership also gave strong support and allowed it to have jurisdictional authority over its prefecture-level governments.[32] However, since the pilot reform was local and did not touch upon the institutional structure of the government at a upper level, this type of "action from the bottom, no action from the top" pilot reform was not powerful enough to conquer the obstacles caused by the inertia within the system, and it also had to bear the political risks came along with political innovation. The difficulties in integrating ministries were not only procedures and regulations but also political pressure from the institutional officials and the public's opinions of the new system. These problems and complaints directly affected the results of reform and the public's sense of achievement, which provided important evidence for the opposition to argue that reform "lacked legitimacy".[33]

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[30] Interview material from Shunde government official, citation from Xiao and Guo (2013).

[31] Huang and Chen (2012).

[32] According to the *Guangdong Provincial Committee of the Communist Party of China, Guangdong Provincial People's Government on the Shunde Foshan District to Implement the Comprehensive Reform Experiment Work*, Guangdong Commission (2009), Provision No. 35: "In addition to Party committees, Commission for Discipline Inspection, supervision, courts, prosecutors and based on the need for a unified and coordinated management of the city's affairs, all other economic, social, cultural and other aspects of the transaction will be the exercise of Shunde district level city management authorities."

[33] According to a witness of the reform: "A year after the reform started to return, Shunde found complaints about the big ministry reform. First people complain, they think the way the department did things after the streamlining was not convenient, and then officials complained that the original administrative examination and approval was relatively stable and that 16 changes were difficult to execute and supervise. For example, the Market Supervision Bureau was merged from nine departments, and there were obstacles in how to integrate nine sets of procedures and laws. At

Since the "super-ministry system" reform was challenged, the Shunde government's reform goals shifted toward the administrative examination and approval system operating mechanism reform, to quickly increase the "public's sense of achievement". The specific aspects of the reform included the following: First, comprehensively reduce the administrative examination and approval matters, cut down 30% of items requiring executive examination and approval,[34] start using a coding and index management system to organize existing items. Second, establish a centralized administrative service center, including concentrating department approval functions in one office, concentrating all approval personnel in the administrative service center, and concentrating approval authority to "chief representative" of the service center.[35] Third, optimize the approval process and promote standardized implementation procedures, mainly through reducing the time and individual administrative operations for major projects and newly established projects; restrict discretionary power in the examination and approval system, such as the procedures, standards, facilities, technologies and other specific aspects that limit implementation. Fourth, shift tasks to society so that social organizations can undertake some of the industry's management and coordination, technology, and market services functions. Additionally, the government issued a list of public services for social organizations to purchase, allowing relevant and qualified social organizations to participate in the management of public services through public bids and applying for projects.

11.3.2 Ningbo, Zhejiang: From Reducing Functions to Constructing Standards

Similar to Shunde, Ningbo's private economy also came about through the development of township enterprises. In the post-property rights reform of Ningbo, its private economy has become one of its main economic pillars,[36] with small-medium sized enterprises taking up over 99% of all private enterprises. Since Deng Xiaoping's

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this time, the Shunde experience had been pushed for by provincial decision-makers to try out in twenty-five areas of the province. The Shunde's reformers felt enormous pressure, they were anxious, and asked how they could consolidate the major part of the reform." Based on interview materials organized on January 8, 2016.

[34] Yin (2011).

[35] Shunde's administrative examination and approval system reform to a large extent was borrowed from the Hainan model. Then the "three concentrations in three places" put forward are different. The latter was added to the online examination and approval system, referring to "the administrative examination and approval departments directed towards one department, undertaken by the municipal administrative service center (hereinafter referred to as 'the center'), with centralized administrative approval on the e-government platform, in order to achieve approval service matters in the centralized place, authorization in one place, and supervision in one place." See also: Lin (2012).

[36] As of September 2012, the city has 508,000 private economic entities, taking up 95% of the entire economy; private enterprises contributed about 70% of the city's GDP, 76% of tax revenues, 54% of exports and 87% of social employment. See also Ningbo Federation of Industry and Commerce

Southern Tour Speech in 1992, all levels of governments in Ningbo have continuously supported the development of the private economy with a protective, encouraging, and guiding attitude, and have also deeply felt the disadvantages of the existing administrative examination and approval system. Shenzhen's successful experience with the administrative examination and approval system reform in 1997 inspired Ningbo to attempt the same reform. In 1999, its main government officials actively sent a request to the provincial government and made Ningbo the first and only administrative examination and approval system reform pilot city in the province.

During the earliest phases of Ningbo's reform (1999–2002), reducing the amount of administrative examination and approval matters was the main focus. In order to complete the "results after half a year" task set by the provincial government,[37] Ningbo established a leading group headed by the city mayor and an interim administrative examination and approval reform office (from now on referred to as "reform office"). They consulted the experiences of Shenzhen and other places and set a reduction goal of over 40%. Under the strict administrative measures of the reform office, the objective was achieved.[38] However, to complete the tasks, many of the administrative examination and approval items were kept by switching its name (for example, "retention record"). This kind of alternative means was perceived to be a strategic choice for completing the task.[39]

After this period of reducing items ended, the reform entered its second phase (2002–2009), which involved setting up a unified office for the service center that could allow centralized management of each department's administrative examination and approval business. The new institution of Ningbo Economic Development Service Center merges its works with the previously established Reform Office, both under the leadership of the Reform Leading Group in which the mayor is the chief executive. The objective was to normalize the implementation and management mechanism of the reform, and the service center could centralize and coordinate the

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Research Office: "In our country, small- and medium-sized enterprises focus on cultivating 'invisible champions' in the industry," *Ningbo City.*

Federation of Industry and Commerce, April 24, 2013. http://www.nbgsl.org.cn/News_view.aspx?ContentId=2207&CategoryId=35.

[37] In 1999, the two plenary session of the Ten Session of the Committee on the then-governor pointed out that Ningbo, as a national pilot city, must carry out trial work immediately and to maintain it for half a year to produce results, and encouraged the province, and asked the provincial government departments to vigorously cooperate. See also: "Ningbo City Examination and Approval System Reform Records," pp. 5, 11.

[38] Based on the statistical data, from July 1999 to December 2000, at the end of the pilot reform, Ningbo's administrative approval items from the pre-reform time of 1289 was reduced to 668, a decrease of 48.2%. Then, Ningbo continued to promote the deepening of reform from early 2001 to 2002 December, with 668 of the original reservations, an additional 65 in the interim period, and a further reduction of 281, a decrease of 61.7%. See also: Office of the Leading Group for Examination and Approval System Reform in Ningbo City: "Introducing the examination and approval system reform in Ningbo City" on August 8, 2002, and November 6, 2002; statistics retrieved from the public announcement of "Ningbo must clean up after examination and approval matters" in *Ningbo Daily*.

[39] See also: Gong (1999).

supervision[40] of each department's examination and approval items, and standardize the government's behavior. Yet, due to the limits of the new government agency's power and authority, the service center could not be incorporated in line with other government administration agencies and could only act as a service unit attachment to each functional department's examination and approval items, making it difficult to shift from "one-stop accepting" to "one-stop handling" of cases.[41] Therefore, in 2007, the government began to internally promote the "merging of examination and approval functions" in each functional department. Without increasing the number of the employees, office or official post, an administrative examination and approval bureau was set up to focus only on the examination and approval items in the department it belongs to; the bureau was also required to enter the service center.[42]

Although the service center was introduced during the second phase of the reform, it was still run under the existing operating model of each functional department. Reducing the business items caused more chaos for the many lists of previously approved items. The public services and reform optimizing measures put forth by the service center were also difficult to coordinate largely because departments were segmented off from each other. In order to better gauge the actual number of examination and approval items to provide more convenient, public, and efficient service to the public,[43] Ningbo began the third phase of the reform in 2010, which was the "standardization" of the administrative examination and approvals. Specifically, Ningbo first prepared criteria for administrative examination and approvals, compressing as much as possible the space for discretionary freedom within departments, to provide more detailed and humanized service. Next, the government promoted joint examination and approvals with industries. It selected major conventional industries to jointly prepare examination and approval standards, allowed departments in

[40] Ningbo municipal government documents: "On the operation plan of the economic development service hall in Ningbo City [2001] No. 82 requires that the center must abide by the needs of "small issues not leaving the window and general issues not leaving the center", which was to in fact emphasize the coordination functions of the center.

[41] He (2011).

[42] Ningbo Municipal Committee of the Communist Party China Document: "On the further deepening of the administrative examination and approval system to promote the reform of administrative examination and approval organs to integrate the functions of opinion." (Ningbo Party [2007] No. 18).

[43] According to interviews with relevant officials at the Ningbo Municipal Audit Office: "In 2010, the mayor visited the service and met a petitioner, who intended to apply to the Haibin bath house, but because of the fire problem, it was closed down for construction. At that time, the mayor proposed that approvals should be standardized. Functional departments say that our law enforcement is the norm, while the mayor said he wanted a comprehensive specification. If an industry application or business application needs fire protection, planning what conditions are necessary should be as clear as possible, we need a standard! Later, the municipal inspection office came to our administrative examination and approval service center, to explore how to create these standards. We referred to the principle of quality standardization: 'unification, simplification, coordination, optimization,' and decided to carry out the standardization of reform."

charge to organize and implement investigations, and ultimately collected the auditing results from various departments into a one-time report for the applicant. For example, through institutionalizing the department's consultation mechanism, the joint approval of infrastructure projects helped resolve administrative examination and approval obstacles or institutional barriers.

11.3.3 Taizhou, Zhejiang: From Informal to Formal Reform of Investment Project Examination and Approvals

Taizhou's administrative examination and approval system reform began in 2012 under the new leadership. Even though it had a later start compared to Shunde and Ningbo, it nonetheless fully demonstrated "latecomer's advantage" through its indigenous innovation. First, administrative examination and approval system reforms had advanced on the margins for over ten years and entered the core area of the reform. The central government also made more efforts in implementation. Second, in the ten years of reform, local governments have accumulated rich experience and many innovative models of reform. Through inter-governmental communication and mutual learning, the more mature and less risky institutional arrangements would be conveniently summarized. In Taizhou's administrative examination and approval system reform work report, we can see a unique combination and molding of reform model and its focus points. Also, Taizhou took advantage of the environment created by the provincial government's new round of reforms and applied to two pilot administrative approval reform projects, thereby granting more institutional space and freedom to the reform started by the city. The two pilot projects were "Single Integration of the Administrative Approval System's Bureaucracy Levels" and "Experimental Zone for the Comprehensive Reform of the Development of Private Economy Innovation and the Complementary Administrative Examination and Approval Standardization Pilot".

Taizhou's private economy is 97% of its entire municipal economy. It is the most privatized city in Zhejiang Province and it is also where the most important manufacturing bases and privately owned brands in the province are located.[44] Based on the city's economic reliance on private capital and to protect this first-mover advantage, the heart of Taizhou's administrative approval system reform was in the area of "industrial investment" project approvals. Through the reform, a more convenient administrative service environment for entrepreneurship and investment could be created to stimulate market activity.[45] The core matter of the investment

[44]Taizhou's industries include automobiles, motorcycles and accessories, the pharmaceuticals and chemical industry, plastic tools, household appliances and other pillar industries, with the emergence of private enterprises such as Qianjiang, Geely, Feiyue, SUPOR and other well-known brands.

[45]Speech from the director of the Taizhou administrative service center at the "Theory and practice of Chinese administrative examination and approval system reform" forum, held in Taizhou on November 28, 2015.

project was "joint high-efficiency examination and approval", to streamline, classify, and integrate existing administrative approval procedures, to jointly examine and review project applications and issue time-limited resolution suggestions.[46] In order to increase the speed of implementing investment projects, each district and county in Taizhou also innovated to improve efficiency, such as using the virtual owner system[47] or mock examination and approval system[48]; at the same time, they also introduced convenient measures such as the owner commitment system, the joint surveying of the completion and acceptability of a project, dealing with insufficient capacity, and prioritizing pile foundations. These innovative measures changed the way in which the original functional departments and the standards in the areas of jurisdiction worked. The whole cycle, from establishing the project to its operation, was reengineered as an objective of the reform. Thus, land transactions, the engineering and construction process, and other non-approval processes in the life cycle of the project were now part of the vision of the reform.

At the same time, Taizhou also incorporated the approval of non-governmental factors into the reform, including, for example, the supervision over intermediary agencies. The administrative service center opened up a special area to be market for intermediaries, allowing these third-party organizations to be voluntarily stationed at this platform. The intermediary agencies in the market must accept the supervision of the administrative service center, which looks into the quality of service, fee standards and time limits on the examination and approval process. The administrative service center rates the intermediary agencies each year and eliminates those at the bottom of the ranking, and also gives an assessment of departments in charge of the examination and approval, reversely forcing them to supervise these organizations. The administrative service center sets up a special team responsible for the approval

[46]The construction of the project's phases and infrastructure projects are led by the development and reform department; technical improvement projects are led by the economic information department, and they must contact personnel from construction planning, environmental protection, civil defense, fire and other departments for comments or on-site surveys, in order to get limited pre-trial opinions or filings; construction planning permissions are led by the department of construction planning for water conservation and environmental evaluation, synchronization the residential buildings, energy saving, air defense, lightning protection and construction plan review and limited to review opinions; construction permits, led by the department of construction planning, require application materials submitted through the relevant procedures for the owners, construction planning departments must coordinate various departments synchronization for later procedures and the issuance of construction permits.

[47]For planning purposes, clear industrial layout is relatively concentrated in the industrial park, with the park management agencies as virtual owners who are responsible for the uniform handling of geological or industrial general approvals, such as geological hazard assessments, mineral resources coverage, soil and water conservation plans of the project, and seven other project evaluation criterion. After obtaining the land, these procedures do not have to be repeated.

[48]For projects that have not acquired land but whose subject is relatively clear, the subject application may enter the simulation examination and approval system. The examination and approval departments, by the provisions of the materials submitted for substantive examination and public announcements, may issue a simulation approval documents. Once the land transfer procedures are completed and verified, the simulation and approval documents can be converted into formal documents.

of agent services. These full-time and part-time agents will be free of charge for guiding applicants through the entire investment project approval process. An official of Administration and Services Centre in Wenling City, Taizhou, mentioned that the virtual owner system and pile construction priority measure are still the default operating habits of the grassroots governments in the process of attracting business and investment. Even if everything goes smoothly from the time an industrial project acquires land to when it receives its real estate license, there are about 30 steps to go through, which take nearly 280 legal approval days. To speed up a project, there are often some informal adjustments. If there is a policy conflict, a conflict between the order of the procedures, lack of clarity about the quality of the land or other issues, collaboration among departments becomes normalized. Thus, these system innovations are in fact borrowing the political space released by the system reform. Informal operations that were regularly practiced took on the form of legitimate and legal system innovations. Ever since Taizhou introduced the joint high-efficiency examination and approval project, the approval time has been shortened to 25 business days between a corporation acquiring land and receiving construction permit. Intermediary agencies guarantee that their services will not go beyond 45 business days. In addition to 20 business days for the public announcement, the entire examination and approval process will not exceed 90 business days, and has hence been called "hundred-day examination and approval".

11.4 Local Governments' Policy Response to the "Tiao-Kuai" Conflict

Objectively speaking, the tiao-kuai system is the basic framework of China's political system and has even become an important and highly flexible governance tool of the central government. This implies that in the meantime, local governments can only continue to adapt to this complicated structures in which they are embedded and push administrative approval system reform within this narrow institutional space. This reform is unique because of the target and the existing national-social power determined that this can only be a self-revolution initiated by the government. Administrative approval is directly connected to the power and interests of the functional departments, no matter how the behavior trends of this reform change, it will be impossible to be separated from the stereotypes of interest or the conflict between power and interest in the kuai and tiao. It also faces the "authoritative power ceiling" at each level of bureaucracy. Therefore, from the reform examples of the three regions, we can see that even when local governments reform is restricted by the multiple levels of the tiao-kuai system, the resources for breaking up the gridlock is also provided by the "tiao-kuai combination" political institution. The autonomous behaviors of local governments in the reform are a clever way of utilizing the political power granted by the "tiao-kuai system", to in turn remove the administrative system obstacles caused by the "tiao-kuai system" to begin with, using the spear to attack the

shield. The examination and approval system reform experiences in Shunde, Ningbo and Taizhou provided a test tube way of analyzing the observable strategic policy actions and reform boundaries that were taken into account by system innovations in the process of resolving the "tiao-kuai conflict".

11.4.1 Taking Advantage of the Occasion: Using Political Authority to Put Pressure on Reform

In the political arena of local governments, we found that any examination and approval system reform at the local level could fall into the predicament of "mobilized kuai and resistant tiao". A kuai of any level of government can use various political resources to mobilize and launch reform, but the functional departments of each tiao can use a variety of covert tactics and department regulations to passively or actively resist the reform. Therefore, the key to breaking this reform gridlock may not come from the local government system itself. Owen E. Hughes said, "Any organization needs to pay some attention to the outside world, for that is where context, opportunities and threats may be found. This is especially true for public organizations as they are influenced by outside bodies to a greater extent than those in the private sector".[49]

After the tenure of the new central leadership, the top-down launch of the examination and approval system reform provided external political support for the closed institutional reform of local governments. Administrative approval system reform in fact already began at the central level in 2001, and in a ten-year period (2001–2012), six batches of examination and approval items were introduced, one after another. Because of the challenges presented by departmental interests, the reform fell into a conflicting pattern of governance and chaos in which simultaneously reducing and adding, legally reducing and covertly adding items resulted in "performance innovation hovering at a low level for a long period".[50] Beginning with the new leadership in the central government, over 17 reform documents have been issued in the last three years. These not only expect local governments to continuously cancel or readjust examination and approval items, but will expand to administrative matters such as appraisal and recognition standards, vocation qualification identification, as well as other relevant areas such as non-administrative permit approvals and the consolidation of intermediary agency services.

Apart from a few that are normative, the majority of central-level documents are targeted towards the cancelation and decentralization of central-level examination and approval matters. The reform is not directly related to the local government reform regarding its substance. However, the persistent issuing of policies, frequent leadership visits and speeches reflect the central position of the approval system reform in the reform agenda at the very top levels of government, which also

[49] Owen (2003).

[50] Tang and Zhu (2014).

shows that the current government has a strong determination to reform. Enterprising local governments are keenly aware of this political signal and the reform space released from it. They have smartly converted this space into sources of legitimacy and authority for reform. For example, before carrying out the "joint high-efficiency examination and approval", Taizhou only passively coped with round after round of top-down examination and approval items clean-up campaigns. But it took this "political stream"[51] as an opportunity to create a small leading group for the administrative examination and approval system reform, and established the reform office at the administrative service center. Taizhou improved upon and repackaged its own innovation experiences, as well as those of other places, to convince departments to become involved in the institutional mechanisms of parallel processing. With such strong potential for reform brewing, functional departments have no choice but to dole out some of their "cheese" and conform to pushing the reform to a more substantive level. Shunde's reform began relatively early, but as a district-level government, it was often obstructed by leaders of the management departments in the upper-level government (Foshan City). Nonetheless, leaders in Shunde used various methods to win the provincial leaders' approval of the reform and even gained continuous support from the provincial-level political elites. Other than giving Shunde more decision-making powers, the inspections, encouragement and protection from senior party leaders in the provincial government[52] also constituted the energy potential for reform. Shunde mobilized the functional departments on the tiao to become motivated about the reform and deterred the upper-level government in Foshan. Therefore, research has suggested that the "mutually beneficial trust" established upon the "provincial-local political elite coalition" was a major force to promote Shunde's reform.[53]

11.4.2 Incremental Reform: Mechanism Innovation and Implementation Platform

Upper-level authoritative political support can only provide a relatively friendly and open external environment and does not directly touch the "tiao-kuai conflict" with

[51] Kingdon proposed a multi-source public policy operation flow pattern. Ideas flowing from the social agenda into the political agenda is a complex process; the situation and problems need to be combined at the origin, while the political origin and policy origin represent an open policy window. The adjustment of key personnel will lead to the transformation of the political agenda, which was reflected in the case. See also: Kingdon (2003).

[52] Former Guangdong provincial Party secretary Wang Yang emphasized while on a field visit, "What was proposed to Shunde requires further two-directional support, involves approval from the provincial examination and approval entity, and encourage them to try first…. Although the province does not have authority, the implementation of the new rules does not affect the performance of their duties, so the province agrees to accept the responsibility, agrees to allow you to try first; anything that may influence the performance of duties influence the effect of decentralization, the provincial Central Committee will give assistance". [See also: Wang (2012)].

[53] Zhang (2016).

which the reformers are concerned. From the perspective of local governments, the economic-social value of reforming the examination and approval system far outweighs straightening out the priority arrangements of the governmental structure. Therefore, the first target of local government reform is the physical benefits of its governance. Although Shunde's reform path is unique, at the root, the decision-makers in all three regions had inclinations towards classic utilitarianism and focused more on the results.

The cleaning-up of examination and approval items triggers strong resistance from functional departments because it directly affects the core interests of the departments involved. In order to weaken the oppositional forces, and to work around the issues of "limited authority", local governments chose an incremental reform path that focused on "examination and approval mechanism innovation". In contrast to streamlining the approval items, mechanism innovation not only maintains the existing power structure in the department but also improves the efficiency and convenience of examination and approvals through restructuring and reshaping the procedures. The careful analysis of system innovation in Shunde, Ningbo and Taizhou shows that these so-called various reform labels take the examination and approval mechanism as their foundation and can be summarized as the following relatively classic means.

11.4.2.1 Establishing the Standardization of Administrative Examination and Approvals

Using corporate standardization management concepts to remodel the administrative examination and approval process; classify and clean up examination and approval matters, including the department responsible for examination and approval, law basis of handling the case, required document, processing time limits, processing fee standards and other related matters[54]; internal formulation of examination and approval business manual and external publishing and distribution of service guide.

11.4.2.2 Parallel and Joint Examination and Approvals

Strengthen the cooperation of departments in charge of the same items; total deployment of data collecting, examination and approval mechanism and processing. Micro-reforms include systematizing formats, creating forms that cover all the information necessary for an examination and approval case; single-window processing and single-stop internal circulation of examination and approvals; Shunde and Ningbo introduced a "joint consultation mechanism" that targets infrastructure construction projects. The business administration departments take the lead while involving other relevant examination and approval departments in regular consultation and review. Taizhou, on the other hand, institutionalized its procedures, creating a "joint high-efficiency examination and approval" system.

[54] Huang (2012).

11.4.2.3 Mock Examination and Approvals, Examination and Approval Commitments, etc.

The parallel and joint examination and approval method is the union of certain segments within the original process, but this innovation is the readjustment and reorganization of many parts of the examination and approval process that are chronological by law, or even of the timeline between approvals and construction. The objective was to further compress the statutory approval time limit.

At one point, these operational mechanisms were the informal or so-called "green channel" special methods used during the administrative examination and approval process at the lower-level government. They have now taken the identity of an innovative system in the reform process, with the "administrative service center" taking care of and summarily using these mechanism reforms. It is, in fact, the product of the early stages examination and approval system reform at the local level, and the original thought was that through a physical aggregation, a "centralized office"[55] could improve the "fragmented" status of the examination and approval departments. Since the center directly contacts with markets, various groups in society and examination and approval departments, it grasps real-time reform information through its daily operations. More importantly, despite being only a physical platform, it has integrated the majority of administrative examination and approvals into new arrangements in the structure. Some scholars have called it a "system device" since "it does not have the function of examination and approvals, but through the management, coordination and supervision of those cases, it effectively changes the operation mode of the administrative examination and approval system and promotes institutional change".[56] From a physical aggregation to "double-centralized" and "triple-centralized", and finally to the various mechanism innovations mentioned above, all these efforts were initiated, pushed forward, and specifically undertaken by the administrative service center. Therefore, it is not only a platform but also a decision-making and implementation organization that belongs to local leaders who invested in reform. It is built on top of the original tiao-kuai system and acts as a "semi-formal functional department" whose main responsibility is to promote the examination and approval reform. From a long-term perspective, the mechanism reforms pushed forward by this "semi-formal functional department" not only increases the efficiency of the examination and approval system but also force systemic reform through its influence. For example, Shunde's commercial system reform took three separate departments responsible for joint examination and approvals and integrated them to create the "three-in-one" system, which broadened the market entry threshold, especially regarding registering capital and business premises.[57] An official from the Taizhou administrative service center bluntly pointed out, "With the deepening mechanism reforms, some of the innovations could be regarded as illegal if abide strictly by the law, and the space for reform in the existing legal framework

[55] Wu and Sun (2004).

[56] Chen et al. (2012).

[57] Zhang (2015).

is not big. We can only keep walking and keep trying while wearing the 'mechanism reform' hat".[58] This path is different from a gradual reform from the edge to the center. The path taken is one of incremental reform, where the administrative service center integrates each examination and approval department and mechanism innovations can promote the evolution of the current capacity.[59]

11.4.3 Expanding the Network: Pursuing "De-Risking" Political Resources

For a country going through transition, it is impossible to deal with the governance problems in an endless stream of the same rules and regulations. For those government officials with rational considerations, tolerance for the potential political risks in the reform—and even uncertainty in the reform process—is limited. Furthermore, even with resistance and defiance from the beneficiaries of the reform, it would be enough to bury the reform. Facing the "paradox of reform", Heilmann pointed out that split-level policy experimentation is the Chinese system's way of dealing with the reform risks since it will transfer the risk borne by the central to the local government and keep the reform costs to a minimum.[60] However, how do local governments reduce uncertainty while promoting reform, and bridge the differences between the participants in the reform?

One of the defining features of the examination and approval system reform is that the space for reform it has retained is very small. Since examination and approval matters need to be legally recognized by regulatory or departmental documents, they provide the most legitimate reasons to maintain the interests of the departments in charge of issuing those documents. Even if local governments with "limited authority" chose the "mechanism innovation" path, they are still walking along the edge of "illegality and fraud". If convicted, the political reformer's future may be ruined. Therefore, local governments urgently need "de-risk" resources and mechanisms to reduce the uncertainty of the reform results or seek to break through the political security constraints. Interestingly, the "de-risked" reform resources also come from the tiao-kuai system of the political network.

The mechanism of learning among governments is common within the local examination and approval system reform as well. Shunde's reform was largely inspired by Hainan's experience with "relatively centralized administrative examination and

[58] Interview materials from a government official in Taizhou's administrative service center, November 20, 2015.

[59] This formulation was proposed for the "dual track" economic system reform of the 1980s and refers to the "new system, old base" concept of developing system components. It argues for changing components of the new system gradually, with continuous improvement of the economic structure and institutional environment, and incrementally improving the old system. See also: Fan Gang, "The characteristics of China's economic system reform," taken from Wu (1996).

[60] Heilmann (2008).

approval power".[61] Ningbo's first phase of the reform also borrowed Shenzhen's reform experience. The establishment of standardized administrative examination and approvals in its third phase, in turn, became the template for other local governments interested in the same kind of reform. Taizhou, which is currently applying for a national "Experimental Zone for the Comprehensive Reform of the Development of Private Economy Innovation and the Complementary Administrative Approval Standardization Pilot", is an even more loyal student of the Ningbo experience. In the current political environment, there are quite diverse and convenient channels for information dissemination, including media reports, observation and study visits, awards and honors, constituting a highly open knowledge-sharing environment.[62] It is worth noting that, surrounding the topic of administrative examination and approval system reform, every year each administrative service center (mostly prefecture-level) will spontaneously organize a "National Inter-Provincial Government Service Work Exchange Forum", which has become an important platform for spreading innovative knowledge and building a network of horizontal inter-governmental relationships.

The horizontal exchange of reform experience has provided local government reform with low-risk innovative knowledge. On the one hand, since government entities studying from each other are at the same bureaucratic level, the institutional barriers and authority level are also similar, so the reform experience is useful in other places; on the other hand, the existing practical experience of prototypes of innovation can provide learners with clear and relevant information, including the feasibility of the innovation system, the performance of the operations, and the problems that may be encountered. A local government will choose a mature model with good performance records and certain political/social reputation as its learning prototype. This is also important evidence and investment incentives to provide when mobilizing and persuading functional departments to reform.

Also, being awarded as a reform "pilot" by an upper level government (especially central/provincial) is also an important resource for local governments seeking risk aversion. The "pilot" is commonly used in China's decision-making process for major policies. Its essence is to accumulate experience for higher level government or even the central government to push for reform on a larger scale. Therefore, the government leaders of pilot zones receive special authority from their uppers, and are allowed to expand reform and innovation based on the concept of "first to act, first to experiment". The upper-level government's purpose behind setting a reform "pilot" is to test the effect of specific policies by giving policy authority to localities or to promote and spread the innovative and effective approaches of the lower-level governments.[63] The pilot reform differs from comprehensive compulsory reform in behavior and motivations. In compulsory reforms, the behavior and motivation of

[61] According to one of the respondents participating in the Shunde trial design: Shunde was invited scholars who developed reform programs and conducted in-depth interviews for 20 days in Hainan, to gain an in-depth understanding and grasp of the Hainan pilot experience, and thus the development of Shunde trial scheme's numerous institutional arrangements copied the Hainan model. Interview materials from January 8, 2016.

[62] Lin (2015).

[63] Yang (2013).

local governments are mostly grounded in completing the policy goals or achieving specific indicators of upper-level governments. However, in pilot reforms, local government leaders will implement institutional reform based on local situations, and strive for their innovations to be recognized by those higher up.[64] Reform "pilots" is an incentive mechanism for local governments. Becoming a reform pilot for an upper-level government means gaining the central or provincial leadership's attention and trust, and the success of the pilot could mean a higher chance of promotion and of political honor. Even failure will not bring about political risks and administrative responsibilities that are too much to bear. Local officials with inclinations toward self-motivated reform are willing to pursue more resources for reform and political protection in the midst of receiving recognition during the pilot.

In our case studies, Ningbo was the only administrative examination and approval system reform pilot city in Zhejiang Province in 1999. Shunde was the fourth pilot zone for "Comprehensive Local Government Reform" in Guangdong Province in 2009. After the local governments in these two regions became reform pilots, they both received special instructions from the provincial party secretary, and major encourage during conference speeches, which provided considerable political support for the reform in these two places. More importantly, local governments that have become successful pilots have far exceeded the degree of policy-making authority of other levels of government. They also enjoy a favorable bias in the upper-level government's doling out of resources. For example, Shunde (municipal district) obtained prefectural-level jurisdiction authority in certain economic and social areas after becoming a reform pilot city. In 2015, Zhejiang Province allowed Tiantai (county-level city) in Taizhou to copy the methods of Tianjin and Ningxia in setting up a pilot "administrative examination and approval bureau". According to a person-in-charge at the examination and approval office in Taizhou, at present, the program has been completed and submitted to the provincial commission office, which is in the process of removing an existing administrative organization, whose work will be directed to the administrative examination and approval bureau,[65] which requires permission that Taizhou does not have. For the risks that may arise in the reform, the pilot will be able to provide a certain degree of political security for the reformers, at least to reduce the severity of accountability. This person-in-charge said, "Now we have some projects implemented by the administration and approval commitments, which checked and approved after the project begins. But as soon as something goes wrong, just like the Wenling factory fire last year, the department will be identified as dereliction of duty by the law since it did not fulfill the responsibilities of the examination and approval. If the accident is not as severe and the casualties are not as serious, then it falls under the scope of provincial and municipal governments, who will be more tolerant towards the reform pilots."[66]

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[64] Xu (2014).

[65] Interview materials from relevant official at the Taizhou examination and approval office. December 11, 2015.

[66] Ibid.

Based on the analysis above, the resources that can provide local administrative examination and approval system reform a breakthrough in the "tiao-kuai system" are not from a single entity or in a single direction, but rather originate in the political network constituting the "tiao-kuai system". In addition to organizational resources, political resources that support the reform also include the political level of authority and resources of legitimacy, as well as specific innovative knowledge and reform experiences. These reform resources are limited, obtained only by aggressive local government leaders, and require local reformers to take the initiative, to actively expand and strive for.

11.5 Conclusion

Compared to reforms in other fields during the transitional period, the most apparent feature of administrative examination and approval system reform is that it occurred from within the governmental system and was nearly a closed-off self-revolution. At a time when much of the research habitually blames reform obstacles on interests being departmentalized or on interest groups undermining the efforts of the reform, we saw that the obstacles are all the external manifestations of a political structure that has embedded the typical feature of the "tiao-kuai combination". However, this research has found that the different initiatives of local government officials can produce different results.

We still agree with the popular conclusions of the current structural constraints in the system do exist. Although the root of the problem in the administrative examination and approval system is the tiao-kuai system, in a government with a combination of two different types of logic, i.e., vertical hierarchy and horizontal functions, local governments have to face limited levels of authority and "double dependence" functional departments at the same time. This leaves the local governments without sufficient permissions and no effective administrative means to curb the functional departments in their alternative implementation methods and inaction during the reform. However, we also believe that in the course of the examination and approval system reform, the obstacles are similar, but the strategies employed to deal with them are different. In the research and analysis of the reform experiences in Shunde, Guangdong Province, and Ningbo and Taizhou, Zhejiang Province, cities in which the private economy is relatively developed and essential elements of the economy have relatively free flow, local government officials are strongly inclined towards development-oriented reform. They are able to execute subjective initiatives to a greater degree, and actively attempt to make a breakthrough in the constraints caused by the "tiao-kuai conflict" in the reform. More importantly, their efforts to breakthrough are still depend on the institutional resources in the tiao-kuai system, including using upper-level political signals and same-level authority to convince or deter the functional departments that hinder reform; developing a new functional department (administrative service center) within the tiao-kuai institution, which sets the examination and approval system reform as the organizational goal, to push

forward a mechanism reform, which did not upset the existing power dynamics; taking advantage of horizontal learning among local governments or "pilot" authority between upper and lower levels of government to expand the political network of the reform, from which political resources can strengthen the legitimacy and authority necessary to the reform and political risks can be lessened.

China's highly centralized central-local government relationship has always been a focus of research on Chinese politics. As Kenneth Lieberthal and Michel Oksenberg pointed out in their theoretical model of "fragmented authoritarianism", China's governmental decision-making power is highly closed off, as well as highly fragmented, with much real decision-making power distributed in between different departments. Therefore, the introduction of a new policy will require continuous bargaining between departments. Even if there is basic consensus on the policy plan, the same kind of coordination efforts will continue into the implementation phase.[67] Since the model was put forward in 1988, new research and discoveries in the field of Chinese politics have reflected and revised upon it. One revision is with respect to the conclusion that the policy process in China is entirely closed. Whether actively or passively, the policy process today is becoming increasingly open and its participants are also increasingly diverse. For example, Andrew Mertha believes that even though the policy-making power is controlled by the authoritative and fragmented system, some non-traditional actors such as surrounding government organization, non-governmental organizations or the media are becoming "policy entrepreneurs" and becoming involved in the policy implementation. Mertha calls this "fragmented authoritarianism 2.0".[68] Taking the example of the development of the new medical policy reform, Wang Shaoguang and others have pointed out that there is a participants' circle exists from the state to society in the government's decision-making process, where decision-makers in the system may take an "open" and "compromising" mechanism to actively attract and engage social groups.[69] Another path is the negative perception of the fragmented structure, which argues that it ensures the flexibility of the governance of Greater China. With an administrative system that is oriented towards decentralization, the entire government system has certain flexibility, which at the same time can prevent government orders from not being performed, or vicious competition that could arise from "local protectionism".[70] The leadership model along the tiao could also be adjusted to take advantage of shifts between different vertical management methods to achieve "soft centralization".[71] These two paths of explanation depart from the overall perspective of the central and local government, politics and society, and are lacking a more detailed analysis and in-depth understanding of a single-level/area or a single perspective on the structure-behavior relationship.

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[67] Lieberthal and Oksenberg (1988).

[68] Mertha (2009).

[69] Wang and Fan (2013).

[70] Zhou (2014).

[71] Mertha (2005).

This article hopes to be an expansion and reconsideration of the "fragmented authoritarianism" model. It was obvious in the case study on the local administrative examination and approval system reform that there are great differences between the fragmented authoritarianism at the central level and the behavior forms at the local level. More importantly, whether or not the policy process allows a diverse group of participants depends not only on changes in the political environment but is also closely related to the nature of the policies at hand. The administrative examination and approval system is a typical example of a closed form of government decision-making, and its defining characteristics largely define the difficulties that society have in forming "voluntary action groups" or "policy entrepreneurs", which would push the reform forward. In such policy areas, how the local government brings the subjective initiative to play to overcome institutional barriers and achieve reform results or developments in its political trajectory have become a meaningful topic that deserves further observation and analysis.

Based on the analysis of the case studies above, we believe that at the local government level, the structural restraints and the development of political resources exist simultaneously in the "tiao-kuai system". In local governance, the so-called "institutional restraints" and results of subjective initiatives do not create an impassable barrier. When we take the economic structure, the relationship between markets and the government, and other relevant variables into consideration, the subjective initiatives of the government office also become prominent. The constraints of the "tiao-kuai system" are not a monolithic whole. The political power dynamics created by it can still provide self-motivated officials the resources and space to overcome the obstacles of reform.

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Chapter 12
The Relationship Between Government and Enterprises in the Reform of State-Owned Enterprises

12.1 The Unique Economic Structure and Government Mode with Chinese Characteristics

The reform of the Chinese government management system and the development of the market-oriented economy in China have advanced gradually in due order in over 20 years. Characteristically, China's traditional economic management system expected the integration of Party work and government work, with the government operating or managing enterprises. The decision-making power in economic operations was highly centralized to the central government. However, since China pursued the policy of reform and opening up, gradual steps have been adopted to carry out a reform that is characterized by the separation of Party from government and of government functions from enterprise management. Efforts have been made to put in place a market-oriented economy and a most suitable government management system with Chinese characteristics.

However, in the process of reform, China has found itself in a series of dilemmas. On the one hand, the government is the target of the reform, and on the other hand, the government serves as a driving force of the reform. The reform requires to constrain and narrow the range of government activities while at the same time to bring its functions into full play; a market-oriented economy has been advocated for its effectiveness and various advantages while the government's role in economic operation shall never be discarded for its due rationality; and a strong central power is needed to ensure the success of the social transformation while at the same time a sort of control should be imposed upon the various existing functions of the state to smooth a way for the transformation. It is exactly due to such dilemmas that many conflicts and distortions have kept cropping up in the process of China's national drive of marketization and the reform of the government management system. The Chinese government has made unceasing efforts to relieve and address such problems through readjusting its policies or effecting its management and guide. Also,

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it is largely due to these dilemmas that a step-by-step approach has been adopted in China's reform.

Since the 1980s, China has committed itself to the policy of reform. The Central Committee of the CPC re-defined its range of authority, and much of the power previously centralized in the central government was granted to local governments, which used to be at the periphery of power but could now share some authority and thus make more vigorous efforts to develop economy. However, the original institutions, structures and the way to exercise power have been, to some extent, subject to impacts, as the local economy achieves prosperity and the local authority gains some decision-making power. On the one hand, the local authorities now can carry out institutional innovation to realize its own economic interests to a larger extent, and argue with the central authority about certain special policies and concessions; on the other hand, some decision-making power that should go to the enterprises are retained by local governments. As a matter of fact, some problems have emerged accompanying the power delegation and economic prosperity promoted by local government. This chapter will illustrate these problems through three examples. First, with the authority granted by the central government, local governments are prone to develop different management modes and implement varied "preferential policies" to introduce investment and prop up local economy, such as tax exemptions for three years, tax reductions, and other preferential policies to encourage investment. Second, many local governments are pursuing local economic protectionism by imposing restrictions on the inflow of non-local products, siding with the local party in settling trans-regional economic disputes, and the like. Third, wherever there is a measure taken by the central government, there are always countermeasures adopted by the local governments. The macro-regulative economic policies of the central government may fail in some regions.

To address the above-mentioned problems, the central government may tighten up its political control over the local government officials through the influence of the Party.

The economic restructuring can be divided into three phases:

> The first phase lasted from 1978 to 1986, when the government management began to change. The most typical measure adopted was to launch a pilot project of granting the enterprises more decision-making power. The finances of the central government were encouraged to be independent of those of local governments, which meant more decision-making power to examine and approve projects was given to lower levels, and projects were financed by loans instead of appropriations. An over-all reform took place in the city system, and many other pilot reforms were launched. Instructive planning, directive planning and market regulation were combined, while the instructive planning was employed less and less. The pricing system underwent change, with the double-track pricing system (the co-existence of state-fixed prices and market prices) employed in capital goods prices. Prices of some industrial products and farm and sideline products are subject to market fluctuation. Agricultural products were sold through contractual orders instead of state procurement and distribution. The monopoly of goods and

material management of state-owned enterprises and economic organizations was eased. Non-state sectors of the economy were allowed to take part in the competition in circulation process. The profit delivery to the state of the state-owned enterprises was replaced by taxation.

The second phase lasted from 1986 to 1991, which witnessed the reforms centering on the transformation of government functions. They took place mainly in the government economic management system. The most typical measures were as follows: many enterprises contracted for the managing concerned areas; labor contract system became a common practice in enterprises; the range of comprehensive reform in city management system was expanded, and the process of this reform was accelerated; the state's macro-regulations were strengthened; pricing system continued to enjoy development; the central bank and the state specialized investment companies were put in place.

The third phase began in 1992, when a government macro-regulation system is to be put in place in accordance with socialist market-oriented economy system. So far, there have been remarkable achievements—labor contract has been applied to all the employees in enterprises; a public servant system has been adopted by the government organs; and the two systems testify to the radical change in the labor and personnel system in which city employment used to be entirely under the state's control. Also, classified taxation system, which shows that the interest distribution relations between the central and local governments and between the government and enterprises, are undergoing a standardized adaptation to the market-oriented economy. Reforms in financial sector and foreign trade sector are accelerated. Besides the state-owned commercial banks, banks for policy considerations have also been established. Stock market and forward market have been opened on a grander scale.

The functions of the government are undergoing changes with the switch from the traditional planned economy to the modern market-oriented economy. The major changes are as follows. First, the government is shifting from a direct participant in micro-economic activities to a macro-regulator. Second, the macro-regulation, which used to play a direct role, now is functioning more and more indirectly. Third, the government regulates and serves the economy instead of taking on the sole task of controlling and regulating.

12.2 Reform of State-Owned Enterprises and Changes in the Relationship Between the Government and Enterprises in the 1979–1989 Period

A step-by-step approach was adopted in the process of reform, which can be divided into the following two phases. The early period began in 1979 and ended in 1974, during which the reform basically meant the readjustment of the interests among the state, enterprises and individuals under the framework of planned economy.

Incentive mechanism was improved based on the existing system to enhance the productive efficiency of stated-owned enterprises. The second stage of reform was from 1984 to the spring of 1989. During this period, the market economy elements were introduced. The economic system gradually separated itself from the planned economy and marched toward an open market.

1. Early Reforms Characterized by "Decentralization" and "Profit Sharing"

In the early days, reformers chalked the failure of the planned economy up to radical economic strategies and policies. At that time, they believed that all the problems could be boiled down to the general management system, overly-centralized power, a rigid way of thinking, and mandatory egalitarianism. The result of this economic system led to a lack of initiative to improve productivity on the part of government, officials, enterprises as well as individuals. The economic management and operation systems must be submitted to reform, and thus bringing into full play its potential advantages. In the first period, reforms concerning enterprises included the introduction of incentive mechanism and delegation of more power to enterprises. In the realm of incentive mechanism, the base quota and the distribution of profits would be decided by consultation between the government and enterprises. The latter could receive due profits and thus be more motivated to promote productivity. In the realm of decision-making power granted to them, enterprises were allowed to launch new products and apply for the concession to export independently. A sum of money would be deducted from the foreign exchange earned through export, which would be used for introduction of machinery, technology and raw materials and the employment within authorized strength.

Though the initiative of the enterprises in production and management was to some extent brought into play through profit-sharing between the government and enterprises, the state's control over enterprises was weakened. The enterprises, therefore, were prone to give bonus excessively, which led to a sudden increase in consumption and eventually a heavy financial deficit. Moreover, since profit-sharing was based on consultation with concerned parties, it was soon found to be subjective and uncertain, and consequently, irrationalities dominated the process. The central government came to realize that the profit-sharing system, after all, showed an administrative relation between the government and enterprises, and when influenced by artificially imposed uncertainty, it would leave too much room for government interference. Similarly, the enterprises could exceed the limit of budget as long as it managed to convince the local government. Therefore, the year 1983 witnessed the shift from profit delivery to taxation to the state on the part of most state-owned enterprises. The enterprises no longer shared the profits with the government but rather reserve their own profits after the deduction of income tax. The State Council enacted the Interim Provisions on Granting More Decision-making Power to Enterprises in May of 1984, which promised the enterprises to enjoy more decision-making power in ten realms. The reform of replacing profit delivery with taxation entered its second stage, when the state revenue was supposed to be secured through mandatory taxation. Another interim provision came into force that construction investment should be financed

by loans instead of appropriations. Enterprises were encouraged to apply for loans to improve the effect of funds usage.

The above-mentioned reforms made significant adjustment to the government-enterprises relationship in terms of rights and obligations under the framework of planned economy. However, the reforms did not change the traditional system, in which the materials were allocated according to administrative orders. Reaching the production target was held as the only assessment criterion for the performance of an enterprise. The only change lied in that material incentive was employed to motivate enterprises to fulfill the tasks assigned to them. Enterprises remained as affiliates to the government, and thus the latter could still interfere in affairs. It was impossible for an enterprise to truly assume sole responsibilities for profits and losses. Some enterprises were too eager for short-term profits to concern about their long-term development. Rational circulation of productive factors and the effective allocation of resources could not be achieved. The economic system was susceptible to changes in external market. More reforms need to be implemented before these problems could be addressed.

2. **Reforms Centered on "Separation of Government from Enterprise"**

In October 1984, the Third Plenary Session of the 12th Central Committee of the CPC adopted the Decision of the CPC Central Committee on the Reform of the Economic Structure. In this Decision, China formally established the theory of socialist commodity economy and proposed a reform mentality for state-owned enterprises that "the ownership and management rights should be properly separated". The adoption of this principle can be seen as the beginning of the second phase of the reform. The second phase of reform focused on the separation of government from enterprises. The reform included the leasing of state-owned enterprises, the contracting out of state-owned enterprises by contractual agreements, and the sale of small enterprises. In the first few years of the second phase, the government still pursued the reform of "decentralization of power and letting profits", while on the other hand, it tried to solve the problem of enterprise vitality from the perspective of property rights. By completely delegating power to enterprises, they made enterprises "economically rational enterprises".

In the second period, reform was carried out in two aspects: on the one hand, government was discouraged to interfere in enterprises' management and decision-making. As representative of the state ownership, the government could designate general managers for enterprises, who could exercise the full right of enterprise management within the term of contract. The typical examples were contract responsibility system and lease, which were later deemed as two major forms of enterprise reform. The lease was similar to the contract responsibility system, with the only difference that it was often employed by small-sized enterprises.

On the other hand, the assets of state-owned enterprises were divided into shares and sold on the market. In the process of this reform, China was cautious and adopted a step-by-step approach by first experimenting in some enterprises. The share-holding system was usually adopted by small-sized enterprises. Since 1985, many small-sized enterprises that were in service trades and with low profits or even loss-generating

were sold to individuals. Then pilot reform of share-holding was launched. Only after 1986 did this trial reform take place in medium- and large-sized enterprises. By the end of 1988, according to the statistics of 20 provinces, a total of about 3800 enterprises were carrying out joint-stock pilot reforms. 85% of the enterprises bought their shares, 13.5% were acquired by other enterprises and 1.5% were bought and given to the public. As can be seen, the major forms taken by the trial reform was to increase the shares held by employment to strengthen their identity of enterprise profits.

In addition to the contract system and share-holding system reforms, there were also some important reforms related to the relationship between government and enterprises being implemented. In 1986, the reform of the leadership system of state-owned enterprises was initiated. In September, the working regulations of the director of industrial enterprises under the ownership of the whole people were re-enacted and the factory director-responsible system under the leadership of Party committee secretaries in the past was changed. It clearly stipulated that the director is the legal representative of the enterprise and has overall responsibility for the enterprise. The Law on State-owned Industrial Enterprises passed in April 1988 incorporated such a system into law and clearly defined the 14 powers of the enterprises by law. In addition, in the reform of government agencies, some of the central and local industrial authorities were revoked, and the central industry management department was changed to the general trade or general branch (but many were merely "flop companies" and the administrative control over subordinate enterprises was still implemented).

The implementation of the contract responsibility system made the range of instructive planned economy decrease and market mechanism play an increasingly predominant role. A double-track system, which was peculiar to China, existed. That is to say, there was the co-existence of state-fixed and market prices for goods and services, as well as planned and market allocation of resources. Also, both state-owned enterprises under the control of the government, and the privately-owned enterprises existed. However, there were fundamental problems lying in contract responsibility system. This chapter will provide the following points: first, the division of ownership, usage and disposal of state-owned assets between government and enterprises was rather vague. The government bore unlimited liability to enterprises. The enterprises took the profits and were not responsible for losses (Enterprises took a percentage from the profits when they ran well, but they received subsidies from the government when losses occurred). State-owned enterprises usually could not go bankrupt. Though the Bankruptcy Law was adopted in 1996, the implementation encountered difficulties. Second, contract responsibility system might trigger short-sightedness on enterprises' part. The enterprises were apt to invest in high-price and high-profit processing industries, and this would make the macro-economy overheating and the problem with overlapping investment became severe. Third, since the pricing system and mechanisms were irrational and double-track system existed, contract responsibility system could not fully serve as a motivator. All these problems urged the central government to accelerate its price system reform in 1988, which triggered a serious inflation and left people rather dissatisfied. After the setback to reform, tight

monetary policy was employed to curb investment by enterprises and quell inflation. The consequence was that state-owned enterprises landed in grave plight due to lack of money.

12.3 Reform of Enterprises and Change in the Relationship Between the Government and Enterprises Since 1992

Since the early part of 1989, due to the domestic political situation and external political changes in Soviet Union and East Europe, China's reform came to a halt. During this period, new reform trials and policies almost stopped completely, some of the existing reform policies were not carried out any more. China's economy developed at a markedly lower pace. Not until the spring of 1992 when Deng Xiaoping visited southern provinces and delivered a speech, were new reform policies again brought forth. One measure was targeted at the reform of the ownership system in state-owned enterprises.

1. **Re-determining Reform Goals**

In mid-1992, when reform was restarted, the newly introduced reform policy still emphasized the reform of the contract system and the joint-stock system. In July, the State Council promulgated Regulations Governing the Conversion of Business Enterprises under the State-owned Property System. It proposed that enterprises should change their operating mechanism so as to enable them to meet the requirements of the market and become independent producers, self-financing, self-developing and self-restraining commodity producers and business units—essentially, hold independent civil rights and assume civil obligations of a corporate juridical person. It clearly stipulated that enterprises should have 14 types of corporate autonomy. The Regulations did not have new measures for the reform of the enterprise system, as it still maintained the policy of "adherence to improving the enterprise contract system, while creating conditions for joint-stocks".

The new reform goal was put forward by the 14th National Congress of the CPC in October 1992. At this conference, for the first time, the CPC Central Committee explicitly put forward the reform goal of establishing a socialist market economic system. Its central link was "to transform the operating mechanism of state-owned enterprises, especially large and medium-sized enterprises, and bring the enterprises to the market". In February 1993, the Central Committee proposed to the Standing Committee of the 7th National People's Congress Suggestions on Amendments to the Constitution, substituted the line "the state implements a planned economy on the basis of socialist public ownership" with "implementing the socialist market economy by the state", and changed "nationally-operated enterprises" to "state-owned enterprises". However, it was not stated in the form of "private economy". The vagueness of the legislative content left room for legal interpretation. On November 14, 1993, the Third Plenary Session of the 14th Central Committee adopted the Decision on Several Issues Concerning the Establishment of a Socialist Market Economic

Structure, proposing to "transform the operating mechanism of state-owned enterprises and establish a modern enterprise system". The so-called modern enterprise system was characterized by "clear property rights, distinct rights and responsibilities, separate government and enterprise, scientific management". Subsequently, on December 29, 1993, the Company Law of the People's Republic of China promulgated by the state made legal norms for the modernized enterprise system. In July 1994, the State Council promulgated the Regulations on the Supervision and Administration of State-owned Enterprise Property, which regulated the responsibility of property rights in the ownership of state-owned enterprises. This series of policy statements and policy provisions showed that China's reform completely abandoned the planned economic system and began to seriously consider the reform of the state-owned property rights system. However, due to the overheated economic situation in China from 1992 to 1993, there was a lack of control. The central government decided to reform the macroeconomic aspects of finance and taxation, investment, finance and foreign trade. Enterprise reform was therefore temporarily postponed.

2. **Transform the State-Owned Enterprises into Companies**

Towards the end of 1994, the central government decided to give the priority to state-owned enterprises again. State-owned enterprises were submitted to corporate transformation, which was characterized by more clarity in property relation between enterprises and government and a reorganization of enterprises. Like the previous reforms, trials came first. The central government chose 100 enterprises at a high level for modern corporate reform, and provinces and pertinent departments proceeded from their reality and chose 2500 for the trial. By the end of 1995, there had been over 2400 joint stock companies limited across the country, and 17,500 limited-liability companies (including ventures exclusively with investment from the state). Usually, the companies adopting the transformation policy were small- and medium-sized state-owned enterprises that were also competitors with one another. By the year 1997, only 13% of the ventures exclusively invested by the state had not adopted the corporate system. Among those that had already adopted the corporate system, 71% had established board of directors, 63% had put in place board of supervisors, 33% had had shareholders' meeting. General managers in over half of those corporations were designated by the board of directors, and most of them could exercise powers and rights as defined by the Company Law. The government basically did not interfere with the appointment and removal of middle-level managers. The legal person administration in joint stock companies limited and limited-liability companies had taken its initial shape. By 1997, enterprises had owned more decision-making power through unceasing readjustment in the relations between the government and state-owned enterprises. At the 15th National Congress of the CPC in the same year, the goal was set that core medium- and large-sized state-owned enterprises should be lifted from their economic plight within three years and the modern venture system should be initially put in place.

However, the nation-wide transformation of enterprises to corporation proceeded rather slowly, due to many problems and difficulties encountered in the transformation. One problem was that the new type government-enterprise relationship had not

been straightened out. After the transformation, the government-enterprise relationship became that of consignor and agent. But this consignor and agent relationship differed in different enterprises due to various reasons. First, this new type relation still bore some features of the previous administrative relation. For instance, some enterprises which underwent the shareholding system trial still adopted "government control" management, including that the government directly designated shareholders, chairman of the board of directors and senior managers, the government still interfered in the management and decision-making of the enterprises, the transformed enterprises turned to the government for assistance whenever difficulties or losses occurred, and the government would help them out by means of financial subsidies, tax reductions and tax exemptions. Moreover, some head guilds or controlling companies (also called company groups) that had been born in the process of transformation, managed their subsidiaries by administrative means. The subsidiaries had already gained much decision-making power and became full legal persons in the process of previous reforms. But now, since the establishment of company group (many companies joined it involuntarily), much power of these subsidiaries was retrieved by controlling companies, and they became partial legal persons, indicative of the retrogression of the reform.

Second, in some enterprises that had adopted the shareholding system, there were vacancies for owners or investors. After the corporate transformation, management sectors of state-owned assets and other management sectors sent representatives in the form of shareholder or director, or designated the former factory director, manager or secretary of the Party committee as representatives of state-owned assets. Most of these representatives took the task as a part-time job and did not necessarily know much about the enterprises' conditions. They were incapable or not sufficiently motivated to apply due restraint to managers as an owner should do. Therefore, the enterprises were often controlled by insiders, which brought the problem such as excessive on-the-job consumption, shortsighted decision, difficulty in replacing unqualified managers, and removal and loss of government capital by managers.

On September 22, 1999, the Fourth Section of the 15th National Congress of the CPC adopted the Decision of Major Problems in the Reform and Development of State-owned Enterprises, which set forth the main objective and guideline of the reform and development of state-owned enterprises before the year 2010. Regulations were laid out for the system reform, mechanism transformation, restructuring and technical progress of the state-owned enterprises. It will be a long time before China fully establishes a modern enterprise system, but the direction and the goal are clear.

12.4 Conclusion

The reforms in government administration and economic marketization were confronted with a major problem, namely, how to adjust and remold the relations between the government and state-owned enterprises. In the early period, more decision-making power and more profits were granted to state-owned enterprises. Later, the

government functions were separated from enterprise management. In the 1990s, efforts were made to put in place a modern enterprise system. Now, state-owned enterprises have basically ridded themselves of a rigid management mode, which was characterized by ownership and management by the government in planned economy. They have begun to open up to the market in a real sense. However, an underlying problem was that how the state-owned enterprises can survive and develop in this competitive market. After the 1990s, the very survival of China's state-owned enterprises was at stake. China's economic and social environment has changed tremendously after twenty years' reform. First, economic development and growth of the non-public sectors of economy have changed the situation of "inadequate economy" or "buyer's market". A "seller's market" has taken its shape. Non-public sectors of economy have taken some market share from state-owned enterprises. Second, the macro-economic system characterized by finance, taxation and banking has transformed into a market-oriented economy. That the reform of state-owned enterprises usually lagged behind made them bear part of costs of macro-economic reform. For example, the enterprises now should bear the welfare expenditures and finance through loans instead of appropriations, pay tax to government instead of profit delivery, and repay the most of debts owed in the process of housing, medical care and pension reforms. Third, the special position of state-owned enterprises makes them take on more social responsibilities such as arrangement and re-employment of laid-off workers. Fourth, now that China's economy has been brought in line with the international economic system and with foreign investment swarming into China, the state-owned enterprises are exposed to huge pressures from international competition due to the deep-rooted structural irrationality of investment as well as the poor management. All in all, state-owned enterprises need support from the government in terms of macro-policies in its process of ever-deepening reform.

The reform of the government-enterprise relationship is a complicated process. On the one hand, the government intensifies its efforts to motivate state-owned enterprises by granting more decision-making power to them, reforming operation and management system and opening them to the market. On the other hand, the government often props up and helps out the state-owned enterprises with a purpose to let them survive and develop. However, these two measures collide with each other in practice. In the planned economy, state-owned enterprises were dependent on the government. After the 23 years of reform, the government still plays a dominant role, but it usually only gives some directive advice to enterprises. The very purpose of the reform in state-owned enterprises was to increase the profits of enterprises and consequently increase the state revenue and lessen financial burden. However, the state-owned enterprises are still needed to take on as more responsibilities as possible in political and social services, to better serve the goals of political, economic and social development.

The reforms of the state-owned enterprises and in the government-enterprise relationship should take a step-by-step approach that is consistent with the reform of China's macro-economic system. The Chinese government has never stopped learning and exploring in this process. The current important strategy is to "focus on the

big industries and ease control over the small ones". That is to say, state-owned enterprises do not participate in the most competitive industries anymore, nor does it take away the energy and resources pooled on those industries, which are all important to national economy and people's livelihoods. Efforts have been made to selectively form corporate groups in certain competitive realms and encourage them to participate in international competition. State-owned enterprises are still regarded as the means to achieve specific policy goals on the part of government. However, the relations between the government and enterprises have changed.

Chapter 13
Transformation of the Rural Social Security System and Local Government Innovation

Under the central government's emphasis on building a harmonious society and a service-oriented government, China's rural social welfare system is experiencing an important historical period of transformation and system innovation. Due to the vast territory of China, a large rural population, major regional differences in terms of natural conditions and history and culture, and unbalanced socio-economic development, which have forced the progress of institutional transformation and system innovation to require not only strong policy guidance and administrative promotion by the central government, but also active participation and implementation of the local government. Under the policy conditions of national macroeconomic policies guidance and specific indicators, the innovative capability of local governments—that is, how to mobilize administrative and social resources in line with local conditions, to creatively and effectively implement the policy targets—has become an important topic worthy of discussion.

The contents of this chapter are based on the author's field visit to Guangxi, with support from the Guangxi Civil Affairs Office, in August 2004. Since the implementation of rural economic system reform in China, the social welfare system in rural areas of Guangxi, as in other parts of the country, that was originally based on a collective economy is now facing many problems. Institutional transformation of the rural social welfare system is therefore imperative. Since 2001, based on the successful experience of constructing a new village for disaster victims, the government of the Guangxi Autonomous Region has carried out a new model of "five guarantees villages" for centralized support for five guarantees households throughout the region. By the end of 2003, 1230 five guarantees villages were built in the region, with more than 18,000 five guarantees elders being resettled, and plans to provide centralized support for more than 100,000 elderly citizens in the whole region within five years. The "five guarantees village" model was created by the Guangxi Autonomous Region Government to support the five guarantee elder, which undoubtedly provides a model of institutional innovation that can be used as a reference for transforming current system.

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13.1 Historical Background and on-the-Ground Circumstances of the Rural Social Welfare System Development

As a traditional agriculture-based superpower, China has long used land revenue as the material basis for social welfare. Its social welfare system is in general a weakened nationalized social welfare system with family welfare as the basis, community welfare (community public land and public property, and the community mutual assistance system) the main body, and national welfare the supplement. After the founding of the People's Republic of China in 1949, China's rural social welfare system basically followed the tradition of a big agricultural country, forming a limited community welfare system based on brigades and the collective economy. Such a system consists mainly of the limited community welfare system within the rural community, with brigades characterized by collective work, collective accounting and unified distribution as the organizational basis, with their benefits as the economic basis for providing rural community members with basic living allowances.

The establishment of a limited community welfare system based on the brigades in rural communities has been a major initiative in the development of social welfare in China. For the first time, the vast number of Chinese rural citizens can enjoy basic (albeit very limited) social benefits. After rural society in China has experienced the collectivization movement and the people's commune movement, the rural collective economy was gradually systematized and institutionalized. Limited community welfare based on brigades in vast rural areas also gradually became systematized and institutionalized. However, the establishment and development of this kind of welfare system in rural areas has been complicated. Although such a system has gone through good times for a period, social welfare is very limited in scope and very low at level due to its own defects in the development and benefits distribution method of the collective economy. Especially in the early 1980s, after the implementation of the household contract responsibility system with remuneration linked to output in the rural economic system reform, the welfare system suffered from serious challenges.

Prior to 1985, the rural social welfare system in China was mainly a limited community welfare system based on brigades. After the people's commune system was established, rural pension was basically implemented in two ways: (1) for the families with children, the traditional family-based pension model in rural communities was basically adopted; (2) for the elderly with no children, the non-traditional model of collective support was implemented. There are two forms of collective support: one is decentralized support for the community or the five guarantees system, which relies on the collective economy. It provides basic protection (food, clothing, shelter, medical treatment, and burial services) for the elderly without any childcare obligations, who have no ability to work, and have no source of income (including the disabled and minors). The other is the "nursing home" system, which sets up community-based welfare institutions such as elderly homes and welfare institutions that are based on the collective economy. They focus on collective life and provide

centralized support for the elderly in line with conditions for collective support. This social pension system has been fairly stable under the collective economy.

However, after the household contract responsibility system was universally implemented in rural areas, the basis for the existence of community welfare system in the collective economy era began to weaken. Economic reform brought diversification of the economic structure, multi-polarization of stakeholders, and fierce market competition. This limited community welfare system, based on the people's communes, with brigades as its basis, gradually lost its solid foundation. The original five guarantees system and the nursing home system have also gradually disintegrated, or encountered financial and managerial difficulties in most rural communities. At the same time, the limited community welfare system based on the brigades have also failed to meet social development needs in the market economy. Since the mid-1980s, due to the tremendous success of economic restructuring in rural areas, the flow of rural labor began to intensify, which in turn accelerated the further weakening of the brigade-based limited welfare system. Thirdly, with the economic development in rural areas and changes in the social and economic structure, institutional deficiencies in the brigade-based limited community welfare system have also been increasingly exposed. The contents of the social welfare guarantees are thin, and the operations lack a systematic approach. Financial support is also weak. The welfare system's structure is rigid and it is no longer able to meet the social security needs of the vast number of rural citizens under the dual pressures of natural disasters and market risks, in particular the basic needs of the elderly in the five guarantees system in rural areas.

13.2 Characteristics and Problems of the Rural Social Welfare System Transformation

In response to various problems that have arisen in the rural social welfare system in terms of funding sources, ways of providing for the elderly, and of management methods, top decision-making departments of the central government have begun to reevaluate and acknowledge the traditional social welfare system, and have launched new practices and institutional innovations. Since 1986, the central government has commissioned the Ministry of Civil Affairs, the Ministry of Health and other relevant departments to carry out a series of reforms in the social welfare system in rural areas, in order to establish a new type of welfare system suitable for market economy developments in rural areas. The main focus and direction of institutional reform and exploration of the new institution is to establish a modern version of the pension system and the social healthcare system. The main characteristic is the transition from a limited community welfare system based on brigades, to a socialized welfare system that is shared by the state, the collective and the family (individuals) in rural areas.

The shift from a "limited community welfare system based on brigades" to a "socialized welfare system" is a systematic transformation and institutional innovation of the national social security system under market economic conditions. The institutional innovation in the development of rural social welfare began first with the exploration and establishment of the old-age insurance system in rural society. In 1986, a meeting in Shazhou, Jiangsu Province convened by the Ministry of Civil Affairs decided that reform of community-based old-age insurance system should be conducted in relatively developed rural areas. As for the collection of funds, individual payments should be the main source, supplemented by collective subsidies, and supported by the policy of the state. In January 1991, the State Council decided that the Ministry of Civil Affairs should be responsible for the pilot reform of establishing an old-age insurance system in rural society. In June of the same year, the Ministry of Civil Affairs formulated the *Basic Scheme for Rural Pension at the County Level* and organized a large-scale pilot. By 1992, more than 700 counties throughout the country had formulated and implemented measures for the administration and implementation of old-age insurance in rural society. More than 170 counties have basically established an old-age insurance system for all rural citizens, and more than 35 million rural citizens became beneficiaries of this new system. In October 1995, the General Office of the State Council circulated the *Notice of Opinions on Further Improving the Old-age Insurance System*, issued by the Ministry of Civil Affairs, put forward that the old-age insurance system should be gradually established in rural areas where rural citizens have adequate food and clothing and where the grassroots organizations are relatively sound. Since then, in accordance with the State Council's deployment and the requirements of the *Outline of the 9th Five-Year Plan for Economic and Social Development and the Long-Term Objective for 2010*, the Ministry of Civil Affairs expanded the pilot program according to plan in light of what was learned from the pilot and further established old-age insurance system in areas where conditions permitted. According to relevant statistics, as of the end of 1998, 2123 counties (and county-level cities) and 65% of the townships (and villages) in the country have carried out old-age insurance system reform. Within the rural population, 80.25 million people were in the old-age insurance system, and the annual revenue of the old-age insurance fund was 3.14 billion yuan.

It should be said that at present, China's welfare undertakings in rural society have undergone certain developments in a new historical context. Through the reform and exploration, the new system of social assistance comprised various assistance forms have been gradually formed in rural areas, and a number of wealthier rural areas have begun to gradually establish minimum standard of living system for rural citizens. However, restricted by the financial constraints of the government at all levels, rural social assistance as a whole is still a small-scale rural social welfare project with low coverage and low levels of support. In particular, there are still many problems with the newly introduced old-age insurance system. One of the problems is that coverage is small, i.e., less than 10% of rural population, and the level of protection is too low, only 565 yuan per capita is paid out per year, according to the estimates by relevant department. Second, the phenomenon of "pay as you raise" in rural social security funds has resulted in inadequate accumulation. Currently,

China's pension insurance for rural residents and the five guarantees pension system mainly come from the state's financial expenditure and a part of village retention fees raised by the villages themselves. The phenomenon of "pay as you raise", the lack of accumulation, the lack of adequate safe supplies, often result in the failure to make ends meet. In particular, after the introduction of "fees-replaced-by-a-tax" reforms in rural areas, the financial provisions for the elderly mainly come from village retention fees. The "fees-replaced-by-a-tax" reforms in rural areas are financed by the township and village governments, and is in even shorter supply. Third, there is a lack of social solidarity. Relief for poor households and the provision of the five guarantees for the elderly depend mainly on government funds and village reserves. Social charity funds and donation agencies lack the institutional incentives to solicit contributions. Fourth, the social security management system is disorderly. Not only is there over-centralized rigidity in authoritative power, but there are also disadvantages in decentralized power. The social security management system not only lacks vertical and horizontal supervision mechanism, but also lacks a comprehensive internal control mechanism. These facts show that the rural social security system in our country are still not coordinated with the development of the rural social economy, and the needs of the vast majority of peasants. It cannot meet the realistic needs of rural economic development and transformation of the existing social structure.

13.3 Role of the Government in Promoting Systematic Transformation and Institutional Innovation

Establishing the old-age insurance system in rural society is an important measure for establishing and perfecting the rural social welfare system. It has far-reaching significance for deepening rural reform, safeguarding rural citizens' interests, relieving their worries, implementing the basic national policy of family planning, and promoting rural economic development and social stability. In the current old-age insurance system, securing basic life of the five guarantees households is one of the most pressing issues at present, since they are the most vulnerable group in rural areas. The Chinese government has always attached great importance to this work. In his Government Work Report, made by Premier Wen Jiabao during the Second Plenary Session of the 10th National People's Congress, he clearly put forth the requirement of "improving the life security system for rural households who should enjoy the five guarantees and ensuring the funds." In the first half of 2003, the Ministry of Civil Affairs specifically researched the problem of ensuring the support of rural households covered by the five guarantees, proposed in accordance with the principle of government relief, social assistance, child support and stable land policies, a long-term mechanism was set up to provide support for the rural five guarantees, fundamentally providing support to the rural five guarantees households. In September 2004, the Ministry of Civil Affairs, the Ministry of Finance, and the National Development and Reform Commission jointly issued a circular calling on the civil

affairs departments in all localities to strictly abide by the relevant provisions of the state and local governments, conscientiously improve the recognition, examination and approval, and certification of the five guarantees targets with a high sense of responsibility and sense of urgency, to achieve the goal of "ensuring as much as possible", and further implement related work in rural areas.

Attention and policy measures from the central government have significantly guided the creation of a long-term mechanism for providing the five guarantees. However, the establishment of a long-term mechanism also depends on the active involvement and specific planning and operations of local governments. Because provision of the five guarantees is a policy-oriented, task-bound and meticulous mission, it requires the participation of local governments and departments at different levels, as well as social, community-level cooperation. In addition, China is a large country with a vast geographical territory. Development in various regions is not balanced, and social culture and natural conditions differ greatly. Coupled with the local government assuming a considerable part of the rural social welfare expenditures, less developed areas must implement rural social welfare policy according to its financial resources and unique circumstances. Therefore, it is very important for local governments to creatively achieve the central government's policy goals, based on local conditions.

Due to historical reasons, Guangxi Autonomous Region has always been an economically underdeveloped area. In addition, the proportion of impoverished people living in rural areas, especially the lonely elderly, is high. The number of poor and elderly citizens covered by the five guarantees is also very large. Based on the special circumstances of this region, the government of Guangxi Autonomous Region has rapidly promoted a welfare system in the region through the establishment of the five guarantees village at the village-level autonomous region since 2003. They did this through vigorous mobilization and promotion by the Party and government. The implementation of such a system has basically introduced a new type of rural social welfare model in which the lonely elderly citizens in rural areas receive concentrated support. In the next five years, according to the government's goals, all the lonely elderly in the rural areas across Guangxi will have their own houses, own food and their well-being will be taken good care of.

Based on the field visit in August 2004, the author believes that this new approach to supporting the rural households with five guarantees has the following policy advantages.

First, its policies not only embody the advantages of collective support over dispersed support, but also give full consideration to the current status of the rural social structure and the characteristics of cultural traditions, make use of the community tradition of mutual assistance and a humanistic atmosphere to optimize the allocation of resources. In response to the shortcomings of the old dual-level system of support and management of five guarantees households, the new policy has adopted a centralized way of providing support to the rural five guarantees elderly citizen, made them live collectively in the five guarantees village. This approach not only facilitated the management and care of the township and village cadres, but also enabled the five guarantees elderly citizens not to leave their homes, satisfying their

attachment to folks in the community, which is beneficial to their physical and mental health. This approach is very conducive to the humanistic management and care of the lonely elderly. Because elderly citizens are still living in their hometown, they can live in acquaintance with their natural community. In addition to being able to care for each other and work within their power, they can also be frequented and taken care of by their relatives and neighbors. At the same time, it is also convenient for the relevant government departments at higher levels to inspect the actual progress of the implementation of the five guarantees policy, find and solve the problems in time, and reduce the cost of implementing related policies.

Second, the effective use of welfare resource of the government and society embody the characteristic of socialization of the social welfare. In the past, the main means of centralized support was setting up nursing homes in townships and villages. The government was responsible for establishing and managing these nursing homes. According to the on-the-ground situations in Guangxi Autonomous Region, the government had to invest at least 0.3–0.4 million yuan to the establishment of each nursing home, and more than 20 thousand yuan to each elderly living there. Constrained by their economic conditions, many local governments do not have the financial means to set up enough nursing homes to accommodate the five guarantees elderly, failing to meet the requirement of "guaranteeing as much as possible", as directed by the central government's policy. While in establishing the "five guarantees villages", the approach of "government allocates money, village provides land, villagers offer labor and materials" is adopted, mobilizing various powers, greatly reducing construction costs. Compared to the nursing homes in townships and villages, a five guarantees village supporting the same amount of elderly needs only 50 thousand, which greatly increase the efficiency of using social welfare funds, enlarge the coverage of supporting five guarantees elderly.

Third, the effective use of social welfare lottery funds to set up the five guarantees villages has meant the realization of the commitment of "from the people, to the people" of the welfare lottery. In the meantime, enterprises and individuals in society who are in a strong position are encouraged to set up five guarantees villages or subsidize the construction in various ways. As a result of the implementation of a donor naming system, private capital welfare donation activities have been encouraged. Such a system of facilitative policies not only broadens the sources of funding for the five guarantees but also promotes the development of the good traditional virtues of "helping the elderly, helping the disabled, helping the orphan and helping the poor".

Fourth, the policies have promoted the accumulation of tangible social welfare assets at the village level. In the past, the government used "pay as you raise" methods, provided decentralized support to five guarantees families, appropriately subsidized the maintenance of the dilapidated buildings of the beneficiaries of the five guarantees. This method cannot meet the actual funding needs of the maintenance of the dilapidated buildings and is not conducive to the tangible accumulation of the limited welfare funds at the village level. After the construction of five guarantees villages at the village level, the facilities that were built are under the management and maintenance of the village committee and are not to be used by others. Therefore,

village-level communities can effectively accumulate social welfare resources, and accumulated real estate capital for the further development of rural social welfare.

The discussion above shows that the five guarantees village system promoted by the government of Guangxi Autonomous Region for its rural welfare undertakings has been a useful attempt to effectively establish a long-acting welfare mechanism for supporting the five guarantees elderly citizens in economically underdeveloped rural areas. This system was a breakthrough and an institutional innovation of the existing system. It will not only fundamentally improve the quality of life of the lonely elderly folks living in rural areas, but also, its successful experience is expected to benefit the nation's seven million rural households who are beneficiaries of the five guarantees. It is an important model for the whole country, especially for economically underdeveloped areas.

13.4 Theoretical Enlightenment and Realistic Prospects of the Five Guarantees Village Model

In September 2004, the Ministry of Civil Affairs, the Ministry of Finance and the National Development and Reform Commission jointly issued a circular urging all local governments and departments to further improve work on providing the five guarantees for rural residents, and to seriously research into the new situations and solve the new problems in the new tax-fee reforms from the perspective of maintaining social stability in rural areas. To properly handle the lives of the five guarantees households and to achieve the policy targets of "guaranteeing as much as possible", comprehensively improve the level of support provided to those households in rural areas. The determination and requirements of the central government show that the establishment of a minimum living security system for rural residents has become an important political issue in terms of safeguarding social stability in rural areas and promoting harmonious social development.

How should the government perfect and improve China's rural social security system and establish a long-term mechanism of rural social insurance system? Some scholars think that the tortuous development of the limited community welfare system in China is related to the weakened nationalized value orientation in the development of rural social welfare in China for a long period since 1949. Thus, facing the problems in rural social welfare, the state should assume more responsibility and truly become a provider of comprehensive social welfare services. Some scholars also think that China should learn from the relevant experience of developed countries, and institute a social welfare policy that integrates urban and rural areas. All of these ideas are intended to completely solve the existing problems of social welfare in rural areas through a national package.

However, the establishment and maintenance of a new system cannot be separated from its level of social and economic development and the external cultural environment. Seen from the degree of development, China still belongs to the group

of developing countries. The contradiction between limited financial resources and the large number of people requiring social relief will not be solved in a short period of time. Secondly, the social structure of contemporary China is a dualistic society in which the urban-rural economic, political and cultural divide is significant. Rural areas still contain a strong shade of traditional society, and urban areas have distinct characteristics of modern society. This dualistic social structure is also not easy to change. The level of economic development in rural areas of China is relatively low, exhibits obvious characteristics of traditional societies (agricultural societies). The construction of a social security system can neither blindly copy foreign models nor copy the practices of urban cities and towns. It is therefore impossible and unrealistic for China to establish a national, unified, integrated urban-rural social security system in a short period of time. Due to regional differences in social structures and economic development, the transformation of China's rural social security system has encountered greater financial difficulties and policy challenges in the less developed regions. Therefore, for a long time to come, the rural social security system in underdeveloped areas will still be based on a social assistance mechanism. How can local government innovate the system in the actual work of implementing the central government's policy targets, establish the best operable system, mobilize local resources according to the local conditions seem very crucial. Experience in the construction of the five guarantees villages in Guangxi have provided a new perspective for China, and they reveal the importance of the local government's ability to innovate in the process of altering the rural social security system.

It can be said that the innovation prowess of Guangxi's five guarantees villages comes from the dual pressures of requirements from the central government's macroeconomic policies and a shortage of local financing. The original intent of system innovation was to strive for maximum and continuous coverage of support for households that were in the five guarantees system under the limited financial conditions. Due to the recent active mobilization and promotion by Party committees and governments in the autonomous region, the goal of maximization seems to be achievable in the short term. However, after the infrastructure for collective support has been established, there is a follow-up issue of how to enable it to become a "long-term mechanism" and to sustain its development. The system still faces the challenges of institutional supply, financial guarantee, and improvements in its management system. These issues were raised and discussed by government management officials and scholars at the Symposium for Construction Theory of the Five Guarantees Villages, held by the Guangxi Regional Civil Affairs Department in August 2005. The government department also put forward various proposals to support relevant policies and regulations and to perfect the management mechanism. It seems that the new problems brought about by the initial achievements of the construction of the villages will become the motivation for local governments to continue their institutional innovation. In order to safeguard such achievements, it is also necessary to constantly improve the system itself, and institutionalize those mechanisms to enable it to survive and develop in the normal social environment and under administrative operation conditions. From this point of view, it is reasonable to believe that the ability of local governments to innovate will be a continuous process.

A new system is expected to emerge and develop through constant improvements in the local government's innovation ability.

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Part V
The Research Methodology and Indigenization of Public Policy

Chapter 14
Theoretical Predicaments in China's Policy Science and the Path Towards Indigenization

The emergence and development of policy science in China, which is a new branch of political science, is closely related to the process of making government administration more modern, professional, scientific and democratic. Since China began its reform and opening up, and as government administration has become more modern, policy science has been under development and has become an important branch of political science and of administration and management science. However, since policy science entered China only a short time ago, its development as a discipline and its actual use in the public policy process are still in the early stages, and there are still many problems arising from its immaturity and its weak theoretical and methodological foundation. These problems have basically come from two sources. First, some scholars are stifled by traditional social science theory and methodology and cannot thoroughly break free from traditional patterns of thought, so they get caught up in expounding vague theories that have no practical consequences. Second, deficiencies in traditional theory and methodology have led some scholars to adopt Western theory and methodology. However, since they do not deeply study the structure of Chinese society and government and what makes Chinese culture unique and are satisfied to merely transplant Western theory and methodology, they fall into the fallacy of universalizing the applicability of Western theory and methodology.

This chapter begins with a discussion of the basic situation and unique features of China's policy science, analyzes the source of the problems and difficulties policy science faces as China develops, and explores how China's public policy science can improve itself and break free from theoretical and methodological difficulties hindering its development from the perspective of the indigenization of social science.

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14.1 The Present State of Development and Unique Characteristics of China's Policy Science

Policy science first came to prominence in China during the period of reform and opening up, and its birth and development have very specific historical causes. Although both the Chinese Communist Party and Chinese government have a long history of studying policy issues, past research principally focused on specific policy goals and was based on fact-finding and pilot projects, whose objectives were to identify problems and find solutions to them. The methodology and procedures of this type of research were relatively simple, and they lacked theoretical synthesis and the guidance of scientific methodology. It was always carried out by a small number of investigators and researchers in Party and government decision-making bodies, and it generally lacked objectivity and a sound scientific basis since it was not only limited by the intellectual and technical capabilities of those carrying it out but was also influenced by political and ideological currents of the time.

At the beginning of the 1980s, under the impetus of the movement to emancipate thought, Chinese intellectuals began to discuss the causes of past grave policy errors and the democratization of policy, and scholarly papers calling for policy decisions to be made more scientifically on the basis of policy science began to appear (Meng 1983). In the middle of the 1980s, more and more people became aware of the importance and urgency of developing policy science. The First National Symposium on Soft Science in China was held in Beijing in 1986. It focused on the issue of how to make policy making more scientific and democratic. Wan Li, the then Vice Premier of the State Council, gave the closing speech at the symposium, in which he clearly set forth the mission to make policy making more scientific and democratic (Wan 1986). After that, many decision-making bodies of the CPC Central Committee and the State Council established special bodies to study policy making. A number of foreign writings on policy science and analysis were translated and published, a number of textbooks on policy science were published, and scholarly articles on policy science and analysis started being presented at symposiums and published in journals. The National Policy Science Association was established in 1992. Since then, much effort has been made to make policy science a relatively independent branch of science and area of research. Many institutions of higher education established schools, departments or institutes of administration; policy science and policy analysis became basic courses for their undergraduates, and the training of administration graduates became oriented toward policy analysis. The Chinese government established and developed a national system of schools of administration outside the national education system to support the implementation of the civil service system. These schools provide professional administrative training to government officials at every level, and policy science and policy analysis became basic courses in the training programs.

Chinese research in policy science is roughly divided into three areas. The first area is establishing policy science as a discipline. This principally involves offering

courses in public policy to undergraduates in related fields (including political science, administrative science and business management). This research focuses on the systematic exposition of the basic concepts, principles, theory and methodology of policy science and analysis. Early work in this field was influenced by traditional socialist theory and methodology. After 1990, such work began drawing heavily on Western (particularly American) academic disciplines. The second area of research is the methodology and tools of policy science. Most of this work was done in the 1980s. For the most part, it used the analytical methods of the natural sciences, engineering, mathematics and statistics to study the scientific basis, feasibility and optimization of the government's large-scale social programs and projects. The third area is research on the policies of government departments, particularly research on how they deal with economic and social problems.

As China's policy science has developed over the past ten years, research in the field has taken on the following three aspects.

1. The main objective of research and analysis of public policy is how the Party and the government can guide and standardize social activities. It focuses on the nature of public policy and its function in standardizing social activities, guiding social and economic development, and adjusting social benefits.[1] In China, since the Party and government are not only primarily responsible for formulating and implementing public policy, but also play the leading role in formulating major policies and programs for political and economic reform and social development, much public policy research has focused on how to better achieve the objectives these governing bodies have laid down, and how to guide and standardize social activities. At the same time, such questions of political science as how policy makers' desires and the interests of influential departments and interest groups influence policy formulation are rarely discussed.
2. In the classification of academic disciplines, policy science belongs to the category of public administration. Most research views policy science as a theoretical tool to raise the level of the government's public policies and the effectiveness of policy management. This aspect of China's policy science partially reflects China's actual political needs at the time of the field's emergence. From the middle of the 1980s, reform brought a series of basic changes to social, political and economic life. The government faced numerous political, economic and social

[1] A survey of some textbooks and reference books for graduate student examinations reveals that although social and economic factors are viewed as part of the political environment and included in the material covered, they are generally treated superficially. But when discussing the nature and characteristics of public policy, these textbooks emphasize their function in standardizing behavior and controlling society. For example, Zhang Jinma thinks that public policy is "a norm and guideline the Party and government use to standardize and guide the actions of organizations, groups and individuals. Its form of expression is laws, regulations, administrative decrees, and written and oral instructions by heads of government, and plans and policies for government activities." (see Note 3) Chen Qingyun stresses, "Public policy is the government's objectives the government at a particular time. It is a criterion of action formulated to direct the process of choosing, synthesizing, distributing and implementing the common interests of society" (see Note 4).

problems that needed to be solved. These problems not only arose in great numbers, but also were complex and constantly changing. It was very difficult for leading bodies and the administrative system as a whole to adapt to and meet the needs of social changes and reform due to the backwardness of China's science, culture and education, the incomplete legal system, the generally poor-quality cadres, the widespread arrogation of power by individuals and the weakness of democracy. The problem of backwardness and limited policy institutions and methodology were urgently needed to be solved. In this situation, central Party and government leaders made policy-making more scientific and democratic an important aspect of political restructuring. The main objectives were to generally improve the decision-making ability of leading cadres, establish comprehensive and strict decision-making systems and procedures, improve the support, advisory, evaluation and feedback systems for decision-making, and ensure that reforms progress smoothly.[2] Therefore, to meet these political needs, most scholars chose research problems dealing with tools or standards, for example, to look at how to optimize the process of public policy formulation and implement it to the best possible effect. However, empirical research on the impact of political factors involved in policy making was largely neglected. The orientation of this research was the same as that of training programs for government civil servants and of efforts to make government administration more efficient and improve the policy-making process.

3. The main function of policy science is to provide services to government departments, particularly to make policy suggestions and interpret existing policies. Since the 1990s, the many years of reform and development have brought great changes to social, political and economic structures, and the Chinese government has had to address numerous social, economic and political problems. These problems include regional protectionism, problems arising in the marketizing of state finances, the strange cycle of institutional reform in which government agencies streamline only to expand again, poverty, surplus rural labor, huge losses in the grain distribution system, huge SOE deficits, non-performing banking assets, lay-offs and reemployment, reform of the social insurance system, the anti-corruption campaign, and reform of the monetary system and the tax system. The existence of so many policy problems and the challenges they raise greatly aroused many of China's best intellectuals to pursue policy research and analysis. Most of them have expertise in some fields and work in research organizations under government departments, which gives them the opportunity and privilege to view internal government policy information. Their research generally focused on specific policies or policy issues, and their research results are often embodied in analytical reports on policy issues, policy plans or suggestions, annotations on policies, or explanation and analysis of the evolution of policies. When their research is endorsed and adopted by the central government, it influences policy formulation. Nevertheless, the policy analyses these

[2] See Note 2.

outstanding intellectuals make are largely confined to models drawn from traditional Chinese culture in which scholars offer their opinions to their rulers. The chief characteristic of this model is that the intellectuals are attached to specific statesmen or departments, their policy research is oriented toward the political goals or interests of their patron or department, and the selection of material to be included in their policy analysis and their value judgments are guided by these goals and interests. This undoubtedly has some effect on the objectivity of the conclusions they reach. Moreover, for a variety of reasons already stated, these intellectuals avoid detailed evaluation of the effects of policies already in place, especially if they are disappointing.

Looking back on the last ten years' development of China's policy science, we can see that the emergence and development of policy science are intimately related to the progress of reform. That is to say, it went hand in hand with the need of the government to reform its decision-making and administrative systems, improve policy making and administration, and the steps the government took to get it. These needs originating from the government were an important impetus to the emergence and development of China's public policy analysis. In the 21st century, China's social, political and economic development will be presented with more opportunities and be faced with more serious challenges. As the Chinese government continues along the road of reform and opening up, it must rely on the development of the social sciences to solve ever more complex social, political and economic problems. So, the development of policy science in China will continue to be driven by needs of this kind.

14.2 Theoretical Predicaments for the Development of the Field of Policy Science

Although China's policy science has been developing for more than ten years and has had a tremendous impact on practical policy issues, its theory and methodology mostly copy those of other disciplines and Western systems and lack their own theoretical development and innovations, and these limitations have slowed down its development and kept it at a relatively low level for a long time.

When China's policy science first emerged in the late 1980s, its theory was principally drawn from two sources. The first source was the theoretical system of scientific socialism. When the field of policy science was established, it attracted many scholars who were doing research in scientific socialism. When they transferred into the field of policy science, they brought with them the theory and methodology they were familiar with from their work in scientific socialism. For the most part, what they transplanted consisted of a set of concepts, terminology and explanatory strategies drawn from philosophy and from dialectical and historical materialism, which they used to explicate the definitions, nature and characteristics of policy, formulate policy principles, and relate policy phenomena to society and the political

economy. Since this theory is abstract, vague and dogmatic, it cannot provide much genuine theoretical guidance for research on China's concrete policy phenomena or its policy-making process. The second source was the theoretical system of Western (particularly American) policy science. Since the introduction of reform and opening up, China's scholarly community's contacts with the West have constantly increased. Since policy science research was new to China, a large quantity of Western policy science theory and methodology were introduced into China and adopted. The adoption of Western theory and methodology invigorated China's policy science research and gave a definite impetus to its development. However, there are two important problems with the adoption of Western theory and methodology. First, without comprehensively and systematically doing research in Western theory and methodology, it is impossible to quickly assimilate the fruits of foreign research. With only a fragmentary understanding of the discipline, it was inevitable that the theory and methodology would be adapted inappropriately (Chen 2000), blindly believing in the scientific nature and universal applicability of Western theory and methodology and applying it directly to the analysis of China's policy issues without first deeply investigating China's policy issues deprives China's policy science and analysis of needed independence. Consequently, it cannot correctly interpret and solve China's policy problems (Hu 2000).

There are numerous subjective and objective factors hindering the theoretical development of China's policy science, for example the late development of the discipline, the poor overall quality of scholarship and research in the field, the sensitivity of practical political and policy considerations, too little regard for the field of policy studies, and insufficient spending on research. However, the basic reason for the field's lack of development is that no theoretical understanding has been reached of how to properly apply Western theory and methodology to research on China's own policy experience. We should learn from advances in the theory and methodology of Western policy science and use the appropriate part of them to enrich and promote China's policy science. We should all agree that it is beneficial for the development of the discipline for scholars in the same field with a different cultural background to exchange views and learn from each other. Given that China's policy science developed rather late, its structure is incomplete, and its research is not standardized, the adoption of the theory and methodology of Western policy science and the utilization of Western scholars' research results should help quickly raise the level of China's policy science. However, no paradigm can be used blindly and passively. When utilizing a paradigm, one must first and foremost keep one's own objectives in mind while at the same time have a deep understanding of its real academic and practical value for the problems at hand. Simply put, what paradigms should we use and what are the problems in using them?

In addressing the current state and existing problems in the development of China's policy science research and theory, we should distinguish two different levels of content in Western policy science: academic research standards in Western social science (policy science also observes these standards) and the theory and methodology used in Western policy science research.

The term "standards of social science research" pertains to distinguishing truth from falsehood, accumulating and passing on knowledge in an orderly fashion, and a whole set of principles and standards that should be observed concerning scholarly exchanges, discussion and reflective criticism. Social science research was first established in the West, and its epistemological system has been passed on and refined for over 200 years until it has become a set of research standards based on reason. Western social science research standards are derived from the examination of personal experience. Rigorously speaking, it cannot completely free itself from being colored by Chinese influences. However, it is undeniable that in the process of development, these standards absorbed the cultural achievements of their times and were verified in explorations of other cultures during several decades of development. In particular, its principles are relatively clear and operational. Therefore, even now these standards remain powerful tools for identifying objective social phenomena and effectively accumulating knowledge and valuable paradigms for researchers in other cultures to adopt (Liang 1995a, b). China's policy science has always lacked a set of scientific research standards and its academic research has always been partly based on assumption and improvisation, and its research results cannot fully reflect the public policy phenomena and processes. In addition, academic discussions and criticism are significantly affected by the orientation of existing political ideology and policy values, and lacking scientific and rationality, which negatively affects the orderly accumulation and transmission of policy knowledge. Taking the standards of Western social science as a paradigm, promoting the standardization of policy science, and grounding scholarly exchanges and academic criticism on this basis is an important way to raise the overall level of China's policy science research.

Simply attributing the slow development of political studies and policy science in China to the sensitivity of their subject matter and ignoring or covering up their overall research limitations is an evasion of responsibility. In fact, political studies and policy science research in any society has to deal with the problem of political sensitivity. In a 1953 paper on why political science lagged behind other social sciences in the United States, David Easton wrote:

> There is a deep social reason why political studies cannot transcend its limitations. The reason is that political research comes in contact with the social forces that decide social policy…. The power blocs in the upper rungs of society have a firm grip on the ways material and cultural wealth are distributed, so they have good reason to detest activities that pry into their social position and the nature of their activities. They are inclined to encourage basic principles based on a superficial investigation of the status quo. This kind of situation exists in every society to some degree or another (Easton 1993).

We can see from this that the research topics and the content of political studies and policy science under any political system will involve issues that are politically sensitive to some degree or other. The question is how political scientists and policy analysts should deal with this problem and what kind of institutional measures they should adopt to solve it. It is incontrovertible that our policy scientists should do their utmost to get policy scientists to have a high level of professional ethics and a firm scientific basis for their research, emphasize the standardization of policy science, and constantly use objective, realistic methods to explore and expose the particular

characteristics and nature of their nation's political and policy phenomena. On these issues, the standards of Western policy science research and exploratory spirit of speaking truth to power deserve our consideration (Wildavsky 1979; Weimer and Vining 1989).

We should make use of the theory, teachings, concepts, categories, classifications, terminology and academic systems developed by Western policy science. The policy studies have developed rapidly in the West since the 1970s, and new public policy theory, methodology, models and research orientations have constantly appeared. It is absolutely necessary for our research to assimilate research results already obtained by Western policy science. However, we must be aware that the theory and commentary of Western policy science derive mostly from Western social experience, and they contain a great deal of subjective and objective components that are based on specific Western history, culture, values and orientation. Policy information and theoretical explanations that are based on specific cultural or regional experience cannot have universal explanatory power in all cultures and regions.[3] Although some experts on Chinese affairs in the West have put forth theoretical explanations and hypotheses based on their observation and research on China's policy experience, these efforts have been very limited. In addition, due to the cultural gap and the influence of subjective value judgments, the theories and hypotheses they put forward are mostly supplementary to Western theories and hypotheses and embody values that are distorted to a greater or lesser extent. Therefore, when drawing on or assimilating the theoretical and methodological fruits of Western policy science research, it is necessary to identify those features that pertain uniquely to their Western context and to recognize the ways its explanations are limited by Chinese experience.

However, when China's policy scientists study Western theories, they do not sufficiently understand the limitations of Western theory's Chinese perspective. In particular, many scholars lack a sense of independent researchers and mechanically transplant the theory of the Western research they study. When drawing on Western policy science studies, these scholars immerse themselves in their broad and extensive scholarly systems, but they ignore their own cultural and social context and lack awareness of how that context affects their research objectives. Owing to these shortcomings, when assimilating policy science theory, Chinese scholars lack the needed discrimination and critical attitude. (We could well learn from the conscientious attitude Western scholars have of maintaining a critical spirit and constantly being self-critical when drawing on foreign sources.) This lack of a sense of independent

[3] A survey of some textbooks and reference books on graduate student examinations reveals that although social and economic factors are viewed as part of the political environment and included in the material covered, they are generally treated superficially. But when discussing the nature and characteristics of public policy, these textbooks emphasize their function in standardizing behavior and controlling society. For example, Zhang Jinma thinks that public policy is "a norm and guideline the Party and government use to standardize and guide the actions of organizations, and groups and individuals. Its form of expression is laws, regulations, administrative decrees, and written and oral instructions by heads of government, and plans and policies for government activities." (see Note 3) Chen Qingyun stresses, "Public policy is the government's objectives the government at a particular time. It is a criterion of action formulated to direct the process of choosing, synthesizing, distributing and implementing the common interests of society" (see Note 4).

researchers and mechanical transplanting of theory is one of the main reasons why the development of China's policy science is mired in difficulties. The first thing that needs to be done to escape from this predicament is to recognize the limitations of using theory and methodology crystallized from Western cultural and social experience to analyze the policy phenomena and experience of societies that differ from the West culturally and socially. Next, it is necessary to formulate a research perspective shared by China's policy scientists that can provide a basis for a uniquely Chinese policy science and the accumulation of knowledge about China's unique circumstances. At the same time, we need to advocate the standardization of policy science research, constantly improve the practical experience of researchers in researching Chinese policy, and search for policy science theory suitable for China's culture and society on the basis of this accumulated knowledge.

14.3 Main Points of Policy Science Indigenization

Research on indigenization was begun rather early in Taiwan and Hong Kong, and some research progressed from general to detailed discussion (especially in the fields of psychology and sociology). Scholars on the Chinese mainland lag behind their counterparts in Taiwan and Hong Kong in this respect, and indigenization of policy science is just being taken up here.[4] Based on the present state of China's policy research, the indigenization of policy science can be addressed on three levels.

The first level is the role of moral values in policy science research. A researcher's analysis of objective facts presupposes a choice of value orientation and standard. The question is: what should the moral basis for that choice be? The issue of adding the Chinese context to policy science is intimately related to the subjective values and research orientation of the social group that policy scientists belong to. The most important basic characteristic of social science methodology is that values are interconnected. Max Weber once pointed out that the social sciences differ from the natural sciences (which study objective laws) in that it emphasizes that every event has a specific cultural significance, which is a prerequisite for embodying the event with a value orientation. That is to say, the social sciences' objective analysis of reality depends on the interconnectedness of values to set preconditions and provide a standard of choice (Lu 1994). Policy science is an applied science that is intimately related to actual policy practice. It not only requires research to expose facts as objectively as possible, but also requires researchers to make value judgments about the disclosure of policy issues and the evaluation of policy schemes. Because policy

[4]The issue of the standardization and indigenization of social science became a subject of discussion in China in the mid-1990s. For the most part, the discussion concerned issues in the fields of sociology, anthropology, historiography, cultural studies and jurisprudence. (see Notes 13–15) However, the issues of standardization and indigenization have never been taken very seriously by policy scientists.

scientists live in a particular cultural and value milieu, their research orientation and value judgment will inevitably be influenced by it. Indigenization means that when studying a particular culture's policy phenomena and issues, scholars should base their research orientation and value judgments on a specific culture's way of thinking, not take an external standpoint and make uninformed judgments. A Chinese way of thinking not only embodies a deep understanding of the Chinese society, but also embodies a positive appreciation for the Chinese culture, which is intimately related to a sense of identification with the society's culture and value system. This means that scholars from a locality should play a major role in the indigenization of policy science because they are intimately connected to the Chinese society and culture, and this connection gives them emotional, moral and professional motivation to concern themselves with the development of the Chinese culture and society.

However, cultural affiliation does not always automatically engender a Chinese consciousness. For example, since the Western policy system occupies a position of authority, a number of scholars from various academic backgrounds not only become captivated by its theory and methodology but also adopt Western research orientations as their own and base their value judgments on Western value systems, thereby surrendering their research independence and losing their Chinese consciousness. Therefore, it is very necessary to explore questions about the relativity of values and their indigenization in policy science research at the level of moral philosophy, to establish and strengthen a sense of independence among the community of Chinese scholars, advocate taking the Chinese culture as the cognitive basis in intellectual innovation and value judgment, take the needs of the Chinese culture as the criterion for selecting research topics, and consciously put one's intellectual innovativeness at the service of the development of one's own culture.

The second level is the launching of Chinese research, that is, original empirical research on the policy experience of the locality. Western policy scientists have done a great deal of concrete research on their own countries' policy phenomena and course of development over the last several decades. This research touches on nearly every aspect of public policy and has accumulated a great deal of empirical research material. This accumulated research is very helpful in clearly and systematically understanding Western countries' policy phenomena and course of development, and it provides a firm basis for carrying out further theoretical research. Because of different cultural qualities and social organization, Western research data and theoretical explanation cannot be used indiscriminately in the analysis of China's substantive policy issues. To find theoretical methods suitable to Chinese experience, we must carry out research and investigation rooted in our own experience. However, at present, our policy science lacks large amounts of concrete research data such as the West has. Many Chinese policy studies and analyses use deductive methods to formulate substantive theories from Western research data. Although some Chinese scholars base their public policy research on empirical investigations, most scholars apply Western theoretical methods and research programs to the analysis of Chinese policy. This can only test or confirm Western theories; no substantive theory

or methods that are genuinely Chinese can emerge from it. The critical shortage of empirical research on Chinese public policy greatly limits the development of Chinese policy science. This is a serious defect in the field of Chinese policy science research. Therefore, it is necessary for Chinese scholars to initiate concrete policy investigation and research on a massive scale and to accumulate empirical knowledge grounded in China's public policies.

It is necessary to point out that Chinese research should be directed to achieving our purposes. It should not try to prove some Western theory or to explain particular Chinese policy phenomena in terms of Western concepts, theory or analytic methods; rather, it should begin from the real needs of China's policy practice, carry out solid empirical research, take accumulated empirical data as the starting point for analysis, and seek to understand the true state of China's policy phenomena and processes. The establishment and development of any academic discipline must include the constant accumulation of knowledge. If China's policy science does not accumulate a sufficiently rich body of knowledge arising from Chinese research and China's policy experience, then it will be unable to escape from its theoretical predicaments. Chinese research should be systematic, and it should encompass all aspects of policy phenomena and all stages of the policy process. This is the only way to establish a system of knowledge that comprehensively reflects China's policy phenomena and processes. Finally, it is very important for Chinese research to be a creative activity that effectively accumulates Chinese knowledge. It not only requires a persevering research attitude, but also requires the establishment of scrupulous academic standards and a strict mechanism for scholarly judgment in the field of policy science in order to ensure the orderly and effective accumulation of scientific knowledge.

The third level is indigenization of research, which involves the issues of Sinicizing and creating policy science concepts, categories, theories and methods. From the viewpoint of epistemology and methodology, any strict empirical research or specific investigation should have appropriate theoretical guidance, and Chinese investigations should have Sinicized theoretical guidance. At present, the main ingredients of the basic concepts, categories, theoretical frameworks and analytic methods of China's policy science are all taken from Western models, and the discipline's development relies structurally on Western academic systems. This kind of structural reliance restricts the development of China's policy science research in many ways. Much of Western policy science's substantive theory is a summary and synthesis of specific policy research on uniquely national policies, and some general theory is also based on Western social policy experience. Using such theory (including concepts, hypotheses, analytic models and theoretical frameworks) to research and analyze China's policy issues will often lead to wrong conclusions.

Therefore, we must be extremely careful when we use the theory and concepts of Western policy science. Even more importantly, we should strengthen basic research on the concepts, categories, theory and methods of policy science on the basis of greatly expanded Chinese research. This kind of research should not blindly follow foreign trends in the field, but should instead be based on Chinese empirical research

and synthesize new theoretical developments. Only in this way can we finally overcome the theoretical obstacles to the development of China's policy science and gradually develop our own path of development free from the structural reliance on European and American policy science.

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